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# ***JPRS Report***

## **Near East & South Asia**

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# Near East & South Asia

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## REGIONAL AFFAIRS

### Jordan, Iraq Reportedly Demand Halt to U.S. Contacts

45000105 Cairo *AL-SHA'B* in Arabic 26 Feb 90 p 1

[Text] Egyptian political circles have mentioned to *AL-SHA'B* that an agreement was concluded in the closed session of Arab Cooperation Council country leaders held in Amman last Saturday commissioning Jordan to call for holding an emergency Arab summit to discuss developments on the Palestinian issue and the current international changes. The sources indicated that during the session Iraqi President Saddam Husayn and Jordanian monarch King Husayn demanded the cessation of contacts with the United States because of the ambiguity of the American position on Jewish immigration to the occupied territories. At the same time, President Mubarak and Yemeni President 'Ali 'Abdallah Salih asserted the necessity of continuing these contacts until it is possible to change the American position.

The features of the Arab plan to condemn and prohibit dealings with any country or international economic institution giving economic and financial aid to Israel for Jewish settlement in the occupied territories or for building new settlements were confirmed.

### Libyan Minister Comments on Possible Cairo Embassy

900A0344B Cairo *AKHIR SA'AH*  
in Arabic 14 Feb 90 p 9

[Interview with Jadallah 'Azzuz al-Talhi, the People's External Liaison and International Cooperation Bureau secretary; date and place not specified]

[Excerpt] [Passage omitted] [AKHIR SA'AH] The issue of an embassy still raises the question, "How can relations be established between the two countries without an embassy?"

[Al-Talhi] This question appears to attract the attention of many people since it has been raised more than once. The first time was when Egyptian journalists accompanying President Mubarak on his visit to Surt asked Colonel al-Qadhdhafi. He answered clearly and frankly that in the end the question of an embassy will be a formality, in view of the relations and blood ties that unquestionably go beyond the symbol which an embassy represents of two separate entities. The situation is different between Egypt and Libya.

[AKHIR SA'AH] But do you agree that establishing an embassy is more than a "formality" since it is an important means of linking the two countries and is also a channel through which relations between the two countries pass?

[Al-Talhi] It was decided at the Tubruq meeting to open offices for the two countries; however, we know that the ties between the countries and the Arab peoples of Libya

and Egypt make the issue of an embassy less important than might be suggested by the raising of this question. I know that the presence of embassies at this time, when the ease of communications has made the world a global village, no longer plays the influential role it once did in shaping relations between countries, particularly when historic and geographical ties exist, as is the case with Egypt and Libya.

[AKHIR SA'AH] What is Libya's view of President Mubarak's chairmanship of the OAU [Organization of African Unity], particularly in light of his role in solving many African issues?

[Al-Talhi] I believe that President Mubarak's chairmanship is due to Egypt's influence in Africa and that he has an important role to play in settling many existing disputes and those that may erupt. We appreciate President Mubarak's efforts to solve the dispute between our brothers in Mauritania and Senegal, for example, as well as his efforts concerning relations between Libya and Chad and many other African issues.

[AKHIR SA'AH] The Arabs have called for an urgent summit to discuss the dangers of Soviet Jewish emigration to Israel and the changes in Eastern Europe.

[Al-Talhi] I would like to say that this matter has assumed grave proportions, particularly because the number of Soviet Jews who have begun to arrive has grown so that it is has gone beyond what we could call emigration to an attempt to colonize at the expense of another people. We must be aware that, unfortunately, this has always been one of the U.S. stipulations for detente and rapprochement. Unfortunately, with its support for the Zionist entity, the United States is creating this assimilation crisis. With the financial support and weapons it provides, these emigrants will be converted into a military force that will help increase the Zionist threat. Not to mention the fact that by deciding last year not to enable Soviet emigrants to go to the United States, it clearly intended to compel them to go to occupied Palestine. This is a U.S. conspiracy in its continued aggression against the Arabs by all means, including exerting pressure on the Soviet Union to allow Jewish emigration. The matter must be viewed in this context. I am not saying that the Soviets do not bear some responsibility; however, the United States imposed, planned, and worked for this. In the context of this understanding, we welcome any and all Arab meetings to study the threats surrounding the Arab nation.

[AKHIR SA'AH] Do you agree that the activity of the Arab Maghrib Union is somewhat slow, perhaps reflecting a difference in political and economic visions among the members?

[Al-Talhi] No, I do not agree. My proof is the practical steps that have been taken to make the Marrakech Agreement concrete in the near future. Do not forget that it has only been a year since the Arab Maghrib Union was founded; nonetheless, in this period, the treaty has been ratified, and all the agencies specified in the treaty

have been established and have begun operation, the most recent example being the summit held in Tunis last month. I believe that what has happened recently is cause for satisfaction.

[AKHIR SA'AH] Have the problems between Libya and Chad ended?

[Al-Talhi] I still cannot say they have because the Algiers Agreement concluded between Libya and Chad has not yet been implemented. However, I assure you that this is not because of Libya. I say, with all impartiality, that so far we have not been responsible for delaying implementation of this agreement. We stand firm in our position on Chad according to the initiative announced by brother al-Qadhafi on the 25th anniversary of the OAU announcing recognition of Chad, the exchange of diplomatic representation, readiness to cooperate and be good neighbors, determination to solve all our disputes through peaceful means, and release of POW's.

#### Credibility of Arab News Media Discussed

44000229 Jerusalem *THE JERUSALEM POST*  
in English 7 Feb 90 p 7

[Article by Nissim Rejwan]

[Text] If we are to take seriously the findings of a survey conducted recently by the prestigious London-based Saudi weekly AL-MAJALLAH, the Arab news media are going through an acute credibility crisis. Of a sample of 300 readers from Morocco, Egypt, Saudi Arabia and countries of the West whose opinion was sought, 47 percent said the media "lack credibility"; 35 percent were dissatisfied with the way the news was presented; and only 18 percent said the media were "satisfactory."

Asked whether they sought news of the Arab world on foreign radio stations and in other news media outside their own countries, 77 percent answered in the affirmative. On the specific subject of inter-Arab differences and disputes, only 17 percent of those questioned said they would accept the version given by the Arab media, 36 percent declared they would rely on foreign sources, and 47 percent claimed they would approach the news given "with no preconceptions."

The survey included two questions of a more general nature. One was about the way those approached usually "relate to the subject of inter-Arab disputes." As many as 54.5 percent said they preferred "to ignore it," the rest said they would follow the rifts as they are presented in the news media. Finally, asked whether they believed that, in relaying news of the Arab world, the foreign media "deliberately seek to malign the Arabs," only 21 percent said they didn't think so, while the remaining 79 percent answered in the affirmative.

Summarizing the results of the survey, AL-MAJALLAH itself remarked on the apparent discrepancy between this last finding and almost all the others. Citing one opinion which it described as generally held, it stated: "The Arab

now believes any piece of news broadcast abroad, even if it is false, while he doubts the truth of news originating in his own country, even if it is true."

Seeking a satisfactory explanation for this sorry state of things, AL-MAJALLAH turned to a number of leading Arab editors, newsmen and broadcasters from Egypt, Saudi Arabia, Morocco, Lebanon, London and Paris. Judging by the replies printed, these media men didn't prove much help, but contented themselves with platitudes.

Mahmud al-Ansari, editor-in-chief of the Cairo establishment-oriented daily AL-JUMHURIYAH contended that doubts about the credibility of the Arab media are not justified. He argued that turning to foreign sources for news of the Arab world does not necessarily imply lack of trust in the local media, only "the desire to get more news—or perhaps eagerness to know the other side's point of view."

Several of the 21 media people questioned chose to date the deterioration in credibility from the Arabs' defeat in the Six Day War. One editor, 'Adil Malik, noted that the 1967 defeat was not merely military, but moral and psychological. The essence of what is happening now, he said, is that the Arab media "treat citizens like minors incapable of grasping what they are told."

Khaldun al-Sham'ah of the weekly AL-DUSTUR linked the phenomenon directly to the absence of freedom of expression in the Arab world. "As long as you cannot air any criticism," he argued, "you are not able to provide news in a credible manner."

A similar opinion was given by As'ad al-Muwaddam, director of the Arab League's office in London, who wrote: "Credibility is rooted in trust, and trust is based on information disseminated in a climate of freedom; freedom, in the final analysis, means the freedom to disagree with the other fellow—no matter who he is—without fear of having to pay a price for it." Only in such a climate, he said, can the media earn credibility.

#### PALESTINIAN AFFAIRS

Factionalism, Unity Within PLO Ranks Explored  
90OL0234A Jerusalem *AL-BAYADIR*  
*AL-SIYASI* in Arabic 13 Jan 90 pp 10-12

[Article: "Palestinian Factionalism Tied to Arab Reality"]

[Text] In principle, since the liberation of the PLO from the noose of Arab organizations in 1969, the PLO has formed a confederalist framework for all Palestinian factions that emerged before and after that date. They were absorbed under the banner of the PLO, which continued to open its doors to any Palestinian group. The PLO, with its historic leadership over the past 20 years, has not refused PLO membership to any faction, as leader of the Palestinian people's struggle, and as

spokesman for their national will with regard to freedom, independence, and the establishment of the state.

Starting from this fact, we shall deal with the factions outside the PLO fold at this time which, as has been said, have begun to reconsider their "present" position as an attempt to find independence for themselves outside of the PLO for various reasons, which we shall touch upon in some detail. Therefore, in order to deal with this objectively, we must take a quick look at the past, to gain historic perspective, as a more accurate attempt, necessarily, to transcend it, because its results, no matter what "the legalists rule," can be positive on Palestinian destiny.

#### Accord, Factionalism and Dispute, Axes

Since 1969, the PLO has gone through some very difficult and painful historic periods, characterized by disputes that led to groups splitting off from and forming axes outside of the PLO. At the outset, the basis of the disagreement was between two viewpoints: The first, represented by the Fatah Movement, relied on a dynamic, confederal framework (PLO) as the most ideal formula; and the second, represented by the Popular Front [PFLP], was based on being free as a unified organization, expressing the will of the Palestinian people.

However, the dispute that ended in an exodus from the PLO emerged on the political scene. More specifically, it was "the view of liberation." Accordingly, there emerged what was known as the Rejection Front in 1974, when the PLO submitted the transitional political program, which stipulated the establishment of a Palestinian state on any piece of land, from which there was withdrawal or that was liberated. The Rejection Front adopted a plan in opposition to the PLO's official plan.

The roots of the idea of the transitional program go back to before 1974, when the Palestinian National Council established it, in its session held in Cairo. However, the October 1973 War isolated its political components, which caused the PLO to adopt "the transitional program" to counter the political changes brought on by the war.

The Rejection Front did not live long. The factions that made up the front returned to the PLO and, consequently, "returned unity to the PLO." The PLO's situation in Lebanon played an important role, as well as the challenges that the Palestinian issue faced, especially after the outbreak of clashes on the Egyptian and Syrian fronts. Other factors also had a role in finishing the Rejection Front.

The disputes continued to be confined within the PLO, until the Israeli invasion of Lebanon. The most important results stemming from that were the PLO's ouster from Lebanon, the dispersal of the Palestinian fighters to Arab countries, and the PLO's pursuit of a new policy to meet the new situation after 1982. That policy was called

"safeguarding the independence of the Palestinian decision," because certain organizations exploited the results of the war in Lebanon, and tried to impose their official Arab decision on the PLO.

The Palestinian disputes became more intense after 1983, when the PLO held a session of the Palestinian National Council in Amman in the last part of 1984. What became known as the "Front of National Salvation" was formed, with headquarters in Syria, composed of the Popular Front, the General Command (PFLP-GC), al-Sai'qah, and the Fatah of Abu-Musa, which had split off from Fatah in 1983.

In 1987, the Palestinian National Council held a session, known as the session of national unity, and the Popular Front and the Democratic Front returned to rally around the PLO banner for several reasons which we will not go into. However, we should point out the efforts made by Algiers and Moscow to restore unity to the PLO, in order to meet the political changes.

The Popular Front's departure from the National Salvation Front was a blow to the latter, but it was not finished, and continued to be composed of al-Sai'qah and the PFLP-GC, as well as Abu-Musa's Fatah and the Revolutionary Communist Party. The latter two groups had not been within the PLO fold.

#### Arab Reality, Palestinian Factionalism

It is true that there are ideological disputes among the Palestinian factions both under, and outside of, the PLO umbrella. It is also true that there are political disputes that were imposed, and are still being imposed, in the pursuit of political changes, either pertaining directly to the Palestinian issue, or to Arab and international issues. However, these disputes were not a justification to pull out of the PLO, which tolerates differences of opinion within the framework of the PLO, with the Palestinian National Council deciding all differences of opinion in favor of the majority.

A realistic view of the state of Palestinian factionalism reveals a direct connection with Arab reality. The special nature, which has marked the relationship of the Palestinian factions outside the occupied territories since 1965 with the Arab countries, compelled those countries to attempt to exercise guardianship over the PLO, and when they failed, they tried to force their guardianship over certain factions. Perhaps, the relationship of certain factions with Arab countries, since the establishment of those groups, was a factor in imposing the guardianship.

The Arab reality was not satisfied with only attempting to impose guardianship, but also participated in the attempts of organizations to exploit certain factions in disputes among them, under various slogans that had no connection with the Palestinian issue or the struggle. Some factions justified their relations with those organizations by claims of being near Palestine, etc.

The experiment of "leaving" the PLO was marked by the fact, and in such a way as to leave no doubt, that the split ended when the PLO's relations improved with the country or countries supporting those who had split off. In addition, relations among the Arab countries themselves were affected, since the end of the split improved relations.

In short, Arab reality played an active and influential role with regard to Palestinian factionalism. This is a reflection of two situations: The first is the attempt by certain organizations to impose guardianship over the PLO; and the second is the exploitation by the organizations of certain groups to force them into disputes among themselves. The problem of financial support might have had an influence over the relations of certain factions with these organizations, to the degree that those factions would leave the PLO.

Naturally, this does not deny the differences of political views among the Palestinian groups with regard to many Palestinian issues. As for political changes, they might have had a role in the disputes and the breaking away from the PLO. The 18th session of the Palestinian National Council, held in Algiers, which was preceded by a Palestinian-Palestinian dialogue, found common denominators concerning the issues and problems over which they differed.

Most importantly, this session drew up a new formula for dealings among the Palestinian factions, which concentrated on the differences continuing within the PLO framework, without causing a split from the PLO.

#### Salvation Front, A Revolutionary Path

The disputes among the Palestinian factions accumulated after the ouster from Lebanon. The dispute between the Fatah Movement, the principal faction within the PLO, and Syria played a fundamental role in increasing the vehemence of the differences among the Palestinian groups, if not the fundamental role. After the decision of the Palestinian leadership of the PLO to hold a session of the Palestinian National Council, and highlight the disputes among the Palestinian factions, the National Salvation Front came into being, composed of groups firmly aligned with Syria and the Popular Front.

The National Salvation Front received full support from Syria both materially and politically. The front presented itself as an alternative to the PLO, with its historic leadership. The justification that it offered for this was the "PLO's violation" of the Palestinian invariables in its dealings with political changes, despite the fact that the PLO, with its historic leadership, had led the battle of the independent Palestinian decision in the face of the persistent attempts to impose guardianship over it.

The justifications, which those behind the National Salvation Front cited, cannot stand up to the fact that the dispute between the Syrian leaders, whose role during the war in Lebanon in opposing the Israeli invasion can only be described as "nonexistent," and the

PLO leaders, whose steadfastness was fully revealed in Lebanon, was caused by the Syrian position as it really was.

With the Popular Front pulling out of the National Salvation Front in 1987, and its rejoining the PLO fold once again, the National Salvation Front was weakened, and no longer had any impact on the Palestinian scene. Its marginalness became clear to a considerable degree. Moreover, perhaps in the disputes that emerged between both the Popular Front and the Democratic Front, after they returned to the PLO and Syria, there is clear evidence that the disputes were, to a considerable extent, linked with Syria's position vis-a-vis the PLO.

The National Salvation Front was finished as an attempt, supported by Syria, to be an alternative to the PLO, and as a framework that wanted to impose itself on the Palestinian scene, in addition to the PLO or, more precisely, a replacement for the PLO. Its position with regard to the PLO and its leaders was linked to Syria's position, which concentrated on opposing and resisting "the Camp David regime," since the PLO had an excellent relationship with the Egyptian leaders.

The Popular Front's departure from the National Salvation Front and its return to the PLO, along with Egypt's return to the Arab League, put the National Salvation Front into an unenviable position, since its policy, slogans, and program no longer had any influence on the Palestinian and Arab scenes. The National Salvation Front had a revolutionary logic, and even if this logic had succeeded in Arab countries, it would have been impossible to succeed on the Palestinian scene, because it was a logic basically rejected by the masses, and the masses had embraced the PLO as their political entity and as spokesman for their will.

#### PLO...The Broad Front

Despite this revolutionary program, and the policy of being outside the PLO fold, the PLO with its historic leadership continued to espouse the need for the return of all factions to rally under its banner. The point of departure was that unity of the Palestinian position within the PLO fold was a source of strength for the PLO in its fight for its political position on Arab and international levels.

Palestinian democracy in the PLO institutions, from the Palestinian National Council, as the highest authority, to the Executive Committee, gave scope for freedom of differences, interpretations, and changes of position and political opinion, even inside the Fatah Movement, as a national framework for varying viewpoints. However, this democracy was incompatible with a revolutionary program, and with splitting off from the PLO.

This principle was completely embodied in the Palestinian National Council's 18th session. It marks the beginning of a new program with regard to dealings within the PLO institutions, because it favors majority decision, while obligating the minority to the majority's

viewpoint. Differences in viewpoints, and how to deal with political change continue to be confined within the framework of the PLO institutions.

Accordingly the PLO, with its historic leadership, is trying as a point of principle to bring all Palestinian factions and powers back into the PLO fold as spokesman for the will of the Palestinian people in achieving their goals and aspirations, especially the factions that are headquartered in Syria and are still outside the PLO.

This call, made by Khalid al-Fahum, for the return of all groups to the PLO fold, constitutes a new variable with regard to the policy of these groups at this stage, in which Arab and international changes are also occurring.

#### Why Al-Fahum's Proposal Now?

Al-Fahum was, for a short period of time, one of the strongest supporters of the National Salvation Front opposed to the PLO and its historic leadership. When he called for a return to the PLO fold, he officially declared the National Salvation Front to be finished. This was a positive development necessitating the rallying of all factions and forces around the PLO banner. What were the changes that led to this call?

1. The National Salvation Front lost its justification for existence (if there was a justification) after the failure of its attempts to replace the PLO and the impact on its policy following the Popular Front's departure and return to the PLO. It no longer had any influence, even if slight, on the Palestinian scene, especially since the response of the Palestinian masses, both inside and outside the occupied territories from the beginning was nonexistent! Therefore, its return was an inevitable result.

2. The National Salvation Front's political position of opposition to the PLO and its political program were derived from the Syrian position which, for a short time before the restoration of diplomatic relations between Egypt and Syria, concentrated on opposing and countering the "Camp David regime" in Egypt. However, after relations were resumed, one of the political supports for the front's opposition to the PLO had ended.

3. Relations between Syria and the PLO have gradually begun to improve. It is expected, in light of the changes and developments that have occurred in the relationship between the two, that relations will be restored soon and, automatically, the National Salvation Front will lose its last support.

4. In light of the changes and developments, al-Fahum's call parallels the improvement in relations between Syria and the PLO. It is probable that the return of the General Command and al-Sai'qah to the PLO fold will be announced when relations are restored with the PLO, or even before.

All the international changes and developments will result in the return of all Palestinian factions and forces that are still outside the PLO. This will put an end to the attempts of international and enemy organizations and forces to play on the "string of the disputes."

#### Return, The Only Option; However...

Therefore, "return" has become the sole option for factions that were based in Syria and are still outside the PLO. Return means that the National Salvation Front has finally been finished. The groups that are still outside the PLO no longer have any justification from their point of view of remaining outside the PLO fold because that would reflect negatively upon them.

Naturally, they will attempt to find some justifications for their return, in order to justify their position to their supporters, especially since the PLO and its leadership has not changed its course, nor has any change occurred in its policy that states: "Our point of departure in our call is the American position rejecting the minimum of Palestinian national rights," or with regard to international changes.

No one differs with the need to support the Palestinian position in order to counter American intransigence and to work to crystallize an Arab position by the return of the factions that are still outside the PLO fold.

However, to consider Abu-Musa's "Fatah" as one of the factions is neither consistent with logic nor reality, because its return to the PLO would cause the loss of the justifications for its existence as a framework outside of Fatah. Its return to Fatah is an open option for it, because the justification for its leaving Fatah was Fatah's policy, and its return to the PLO would mean its support for this policy and, consequently, the loss of the justifications for its split from Fatah.

#### Relations With Eastern Europe Reexamined

44000216 Tel Aviv HA'ARETZ in Hebrew 7 Feb 90

[Article by Ori Nir]

[Text] The flow of Jewish immigration from the USSR to Israel is only one component in a complex of the many fears, shocks and disappointments which have come upon the Palestinians as a result of the latest changes in Eastern Europe. Having been the most loyal of allies of the Palestinians for the past twenty years, they are now changing their spots at a confusing pace, drawing closer to Israel and no longer demonstrating the same degree of support for the Palestinians.

Many months after the focus of international attention was transferred from the territories to what was once called the Communist bloc, at a time when most of these countries are about to renew diplomatic ties with Israel and at a time when the traditional strategic pacts between the USSR and its Arab friends appears less stable than ever, Palestinian embarrassment is increasing. The concentrating on protest against the

opening of USSR borders has served as an escape chute for Palestinian anger over other changes in the Eastern bloc, which have posed a great threat to the traditional, almost automatic pro-Palestinian position of the Eastern European countries in the Israeli-Palestinian conflict.

The extreme religious right wing of the Palestinian camp does not appear to be especially concerned. In the opinion of the radical Muslims of the Palestinian camp, these latest developments are additional proof of the justice of their doctrine which advocates avoidance of "loyalty to the Communist East or to the crusading West" (as defined in the Hamas covenant).

Fundamentalist journals in the Muslim world are full of arrogance and joy at the fall of the Communist regimes. The extreme Muslim Palestinians like their secular colleagues, have of late been using the term "intifadah" to describe the reform movements in the Eastern bloc, and point out the similarities between the Palestinian intifadah and the latest mass movements in the Eastern bloc.

In contrast to them, the different factions in the PLO, especially the Marxist ones, (mainly the two militant fronts) feel themselves on the edge of a precipice. The various publications of the democratic and popular fronts are full of attempts to suppress and avoid dealing with the crisis, or preach a return to authentic Marxism.

At the moment it seems that the first real change in the Palestinian arena will affect the Palestinian Communist party, which has grown powerful in the territories during the uprising. The party representative at the PLO executive committee Sulayman Najjab, announced last week that his party has formulated a democracy reform program for its institutions. He hinted at changes in the doctrine, the party structure and the party's desire to form a united leftist bloc in the PLO.

an example of the kind of problems facing the Palestinian Communists can be found in the latest article of one of the most prominent of them in the territories, the author and journalist As'ad al-As'ad from Jerusalem. In an article published in the East Jerusalem daily "AL-QUDS" last week he wrote: "One of the things that we are suffering from today is a loss of identity and the inability to form a new base of thought in our struggle for existence".

He warns that Gorbachev's perestroika is casting out the baby with the bath water and that it threatens to outdo itself. According to him the European nations will soon discover that "their path to happiness does not follow along the path of the capitalist regime, and it does not justify neglecting the socialist system. I support those who advocate cutting the ties of patronage with the socialist countries and foremost with the USSR," but "we are about to lose a strategic ally whom we have trusted." He proposes formulating the Palestinian identity and future independently, "without depending on any external elements".

Many trends of thought are being expressed in the political center of the Palestinian camp about the steps which must be taken in light of these new developments. All agree that a new Palestinian political policy is needed, that could supply the answers to the new situation that has arisen. Regarding this matter, an East Jerusalem activist told "HA'ARETZ" that if until recent months among the Palestinians a feeling existed that the achievements of the Palestinians in the international arena made up for the recession in the power of the intifadah in the field (in reality), then they have now lost points on the international diplomatic level as well.

One of the outstanding trends of thought at the center of the Palestinian arena, as well as in many parts of the Arab world, is the return to the Pan-Arab ideology. With the difference that this time, many are speaking primarily about Pan-Arabism in the economic-political sense, not necessarily on the military level. Out of the abundance of articles and editorials appearing over the recent weeks in East Jerusalem dailies around this subject, former Nabulus Mayor Hafiz Tawqan wrote that "the Arab regimes' throwing themselves into the embrace of Moscow or Washington, and their lack of reliance on their own strengths are the reasons for our present situation". Tawqan proposes establishing an special inter-Arab body ("Supreme Arab Council") which will draw up plans to face the new challenges.

Chairman of the West Bank Higher Education Council, Dr Na'im Abu-Hamas, warns that the latest changes, and especially the rapprochement between the two parts of Europe are likely to provide Israel with a great economic advantage, and will harm Arab economics. He proposes initiating the inter-Arab cooperation with relatively modest steps, such as removing customs barriers on commerce between Arab countries, encouraging Arab production and opening the borders between Arab countries to enable free movement of workers and goods.

Many in the territories are astounded by the PLO still not having defined its own international policy in light of the recent changes. The organization's leadership perpetually attacks the American administration because of its pro-Israel policy, and because of the attrition resulting from the stalled discussions being held between PLO representatives and the American ambassador in Tunisia. Many in the territories agreed with the American professor of Palestinian descent, Edward Said, when he recently attacked the PLO leadership for serious shortcomings in its attempt to influence American public opinion. many in the territories agreed with the contention that the traditional dependence on the USSR caused neglect of the American political system, and left it exposed to the Israeli lobby. The general feeling rising from recent discussions with Palestinian political activists is that the Palestinians are again eating the fruits of an un-balanced foreign policy.

Yasir 'Arafat, in a rather confused interview with the Egyptian weekly "AL-MUSAWAR", about two weeks ago, boasted about how the Palestinians "provided the

world with a new method (of struggle) for change and democracy". In his latest letter to residents of the territories, on the occasion of the first anniversary of the founding of the Fatah, 'Arafat wrote: "Again we write history with letters of light and fire, and the intifadah of our people was the example to all the nations aspiring to a better life, to freedom and democracy, against injustice and the oppressor, Zionism and colonialism, and against racial discrimination". But among many in the territories, there is a feeling that these boastful words cover up for a lack of diplomatic action and for political failures of the PLO leadership.

The political hope of the Palestinians in light of recent developments expresses itself by their use of the claim that "The USSR has replaced its approach of 'balance of forces' with an approach of 'balance of interests'", to quote the PLO representative in Moscow, Nabil 'Amar, last week. The main gist of this concept is that in an era of reconciliation between the two super-powers, Moscow has ceased striving to achieve strategic parity with the U.S. in the Middle East, and is now concentrating on strictly political interests, interests which are increasingly approaching those of Washington (attaining an order based on Israeli withdrawal, Palestinian self-determination and sovereignty in the territories). The competition between the super-powers has now become a joint race towards a common goal, which in their estimation will be good for all the parties.

However, the Palestinians in the territories find it difficult to derive encouragement from this hope. At this moment, the mutual interest of the powers is far from providing an impose solution, and the intifadah, which is supposed to provide impetus for the Palestinian political activity, has during recent months lost to a great extent its freshness, creative strength and international interest. The new international situation, and the Palestinian political strategy which it requires, strengthen the Palestinian recognition of the fact that the solution will be the result of a lengthy process. And the longer it takes for this recognition to crystallize, the greater the frustration caused by the lack of success of the intifadah in providing immediate results: If on the political level, the intifadah provided the only chance for the beginning of a continued process, perhaps efforts should be directed in other directions. In this context, one must look at the renewed information offensive being waged by the Palestinians for Israeli public opinion.

The Palestinians in the territories and abroad derived much encouragement from the results of latest polls, which point to a readiness, surprising in its extent, in the Israeli public to talk with the PLO. But it is clear to them that these changes as well in the Israeli arena still do not testify to the real possibility of change in government policy in the near future.

Many in the Palestinian arena have spoken recently of the need for "Palestinian perestroika", or "perestroika in the PLO". What is primarily meant by this is internal efficiency initiatives, reforms in the structure of the

institutions, personnel changes at senior levels, etc. The main question being pondered today by the Palestinian constellation, is whether it will find a real answer to the main content of the calls for Palestinian perestroika, i.e. adopting an up-to-date foreign policy.

## ALGERIA

### PSD Leader Adjerid Discusses Party Platform

900A0284A London *AL-MAJALLAH*  
in Arabic 9 Jan 90 pp 16-17

[Interview with Abderrahmane Adjerid by Salih Qallab in Algiers: "The PSD Considers Bendjedid a Symbol of Reform"; first two paragraphs are *AL-MAJALLAH* introduction; date of interview not specified]

[Text] Among the tens of Algerian parties which appeared in the wake of the new experiment, the Social Democratic Party [PSD] is considered one of the main parties. Lawyer Abderrahmane Adjerid is the founder and current leader of this party. He was active in the ranks of the National Liberation Front during the armed revolution, and then in the ranks of the liberation army. However, after independence in 1962, he did not join any political party, and he continued to call for multiplicity and democracy.

*AL-MAJALLAH* met with Adjerid at PSD headquarters in the center of the Algerian capital and conducted the following interview with him:

[*AL-MAJALLAH*] Why was your party the first party to obtain legitimacy to operate publicly, even though several other parties predated its existence in the arena?

[Adjerid] We announced the establishment of the PSD on 2 March 1989 after a brief preparatory phase in which we prepared the necessary documents and files, including the Basic Law and the main lines of our program of action. We preceded others in obtaining permission to operate openly because we submitted our application before all the other parties did so.

When the National Council (parliament) convened to discuss and enact the Parties Law, we were completely prepared; all of the necessary documents had been prepared in advance. Immediately after these laws were enacted, we submitted a request to the Interior Ministry, and we obtained approval before the other parties. This is the primary, sole reason. No other interpretation is valid.

[*AL-MAJALLAH*] However, some say that your party is the party of President Chedli Bendjedid, and that he advised you to hasten to announce it before the others. Is that true?

[Adjerid] I personally heard these accounts, and I was surprised by them. We dismissed them repeatedly. It was said initially that Rabah Bitat (the head of the current parliament), of the founding members, established this

party, and I denied that. Then, I heard that the president founded this party, and I denied that as well. Then it was said that the director of the president's administration is behind the party, which I also denied.

[AL-MAJALLAH] Your party's program still greatly resembles the program of the Algerian National Liberation Front Party. Do you not believe that it would be more advantageous for you and several other parties to join this front and develop it from within, especially since you are agreed on its historic role and its influence in the attainment of independence?

[Adjerid] No. There is some confusion, because the Liberation Front's program is derived from the National Charter, which was enacted in 1976, then in 1982. Both charters stress the socialist option in Algeria and maintain that Algeria is a socialist state. We do not advocate socialism. On 2 March, the day we announced the establishment of our party, I made a statement in which I stressed that the PSD is in the middle of the road. I also stated that socialism and capitalism are not suited to our country and do not agree with the mentality of the Algerian people. Therefore, I emphasize the existence of a great difference between our party and the Liberation Front. The Liberation Front is socialist. Our party is in the middle and opposed to socialism entirely.

#### Freedom of Commerce

[AL-MAJALLAH] Is it correct that your party is the party of merchants, the rich, "fat cats," the *infitah* [opening of the country for international economic exchange], and "France?"

[Adjerid] This is the first time I have heard that our party is the party of "France."

[AL-MAJALLAH] The intent of the question is, are you the party of the *infitah* and the nouveau riche?

[Adjerid] We seek the release of all creative economic, cultural, political, and literary energies. We maintain that the Algerian people has not participated in shaping political, economic, and cultural life, nor has it been consulted regarding the models which have been imposed on it. They advocated socialism, but socialism failed and has not succeeded in Algeria. Therefore, we offer a new viewpoint which advocates the need to end the state's monopolization of foreign commerce and to make it free in every sense of the word, together with the need to do business with all states. Some demand that the public sector, which is guided and controlled by the state, assume responsibility for dealing with foreign countries in the area of foreign trade. However, we reject this viewpoint, and we maintain that this task must be left to the private sector. Algerian business persons must form their own private companies and do business with similar companies in foreign states directly.

[AL-MAJALLAH] What is your opinion regarding what has happened over the last 27 years, especially in agriculture and industry?

[Adjerid] We believe that the socialist experiment has failed, especially in agriculture, even though Algerian lands are very fertile and the Algerian farmer is characterized by earnestness and vigor, and works day and night. Socialism has transformed this farmer into an employee who receives a monthly salary whether he works or not. This has led to major crises, such that Algeria has come to import meat and many essential consumer items, including citrus fruit.

[AL-MAJALLAH] You are speaking about agriculture. Do you have the same opinion regarding the role of socialism in the commercial and industrial sectors?

[Adjerid] There is no industrial policy in Algeria. Algeria has not produced anything since 1962.

[AL-MAJALLAH] Isn't the iron industry successful in your opinion?

[Adjerid] No. The iron plant is very important and significant, but it requires another policy linking it with the industrial policy in the country so that it provides a greater yield.

[AL-MAJALLAH] What is your opinion regarding commerce?

[Adjerid] We understand commerce as being a process of importing and exporting. It is well known that Algeria exports only oil and gas.

#### The Problem of Debts

[AL-MAJALLAH] Algeria suffers from external debts totalling about \$25 billion. It also suffers from difficult economic conditions. What are the solutions which your party proposes?

[Adjerid] Regarding indebtedness, there is an American plan called the "Brady Plan." Algeria can benefit from it to become free from some of its debts.

[AL-MAJALLAH] However, in exchange, Algeria would have to pay a high political price. Are there not also the experiences of a number of other states?

[Adjerid] What do you mean by a political price?

[AL-MAJALLAH] The intent is Algeria's relations in the area and its connections with the Palestinian problem, the Arab reality, and several internal matters. Do you think that Algeria can benefit from the "Brady Plan" at no cost?

[Adjerid] We regard the basic problem as being one of national sovereignty. It is impossible, and moreover impermissible, to concede this sovereignty regardless of the circumstances. This also applies to the Palestinian problem, for we consider it a sacred cause not subject to haggling. We support this cause entirely, and you may note that there is a complete consensus on the part of all groups and parties of the Algerian people regarding the Palestinian problem. Likewise, we reject haggling over our principles and our Arab relations. Aside from that, we accept any assistance.

[AL-MAJALLAH] Does this mean that you will not take advantage of the "Brady Plan" at all?

[Adjerid] If foreign aid is conditioned on conceding our principles, we say: Let the indebtedness remain; we will seek earnest ways to be rid of it, and we will concede neither our objectives nor our Islamic and Arab principles. The basic law of our party emphasizes that Islam is the religion of the state, that Arabic is its language, and that national unity is its central pillar.

[AL-MAJALLAH] As long as these are your positions, how can you become extricated from the current economic conditions, and not fall simultaneously into the snare of the International Bank, the World Bank, and others?

[Adjerid] We are completely aware of these matters, and we have experts among the members of our party who are currently engaged in preparing studies to shape our economic orientations.

#### Anarchy and Democracy

[AL-MAJALLAH] Everyone agrees that there is some anarchy in the practice of democracy in Algeria. Do you not fear a certain reversal because of this anarchy?

[Adjerid] No, on the contrary. We believe that unleashing the freedoms of democracy and freedom of expression will immunize the Algerian people against violence and destruction. If the question refers to the well-known events of October, and what preceded them, we maintain that the direct cause of these events is repression, for the Algerian people have experienced a long phase of repression, which resulted in those terrible explosions.

[AL-MAJALLAH] The democratic experiment, as practiced in Sudan, ended with action by the army to seize power. Do you not fear that excesses and anarchy will affect your experiment?

[Adjerid] No. The situation here is different. The Algerian people are very aware, and anarchy or military action in Algeria is farfetched. As I said, there is some anarchy, which is the result of the novelty of the democratic experiment. However, there is no defamation and there are no systematic excesses. There are some criticisms in the course of the democratic game, and we respect the rules of this game.

[AL-MAJALLAH] What is the true power of your party.

[Adjerid] We still consider ourselves at the beginning of the road. If our party obtains 10 or 15 percent of the votes of Algerians in the municipal elections to be held next fall, we will regard it as having obtained influence.

[AL-MAJALLAH] It is said that several forces centered abroad are attempting to disrupt the new experiment, and there are reports of a weapons ship that was seized. Have you heard of these matters?

[Adjerid] I have heard of these matters as you have heard of them. I have also heard that the matter of the ship is fabricated. I do not have the information to judge. There are many rumors. Some are correct, some are incorrect. We are critical of any act that attempts to disrupt the democratic experiment.

[AL-MAJALLAH] Does that mean that you oppose any secret action in this phase?

[Adjerid] Yes. We oppose any secret action, regardless of its source. We also ask the parties and the government to respect the rules of the democratic game.

[AL-MAJALLAH] Which of the Algerian parties is closest to the PSD?

[Adjerid] The parties that are in the middle of the road are the closest to us. There are many of them, including the Algerian Renewal Party and the Forces for Progress Party. We call on all of these parties to agree to form one party.

[AL-MAJALLAH] The Vanguard [al-Tali'ah] Party has called for a broad front. Do you agree with this call?

[Adjerid] A front against whom? We believe that there is no need to establish a front, unless the country is in danger.

[AL-MAJALLAH] Are there contacts between you and the Vanguard Party?

[Adjerid] No. We have no contact with this party.

[AL-MAJALLAH] And the Islamic Salvation Front?

[Adjerid] We have no contacts with it.

[AL-MAJALLAH] You are an opposition party. Which party do you oppose?

[Adjerid] We oppose the regime. In any case, there are extremists, moderates, and reformists in the Liberation Front.

[AL-MAJALLAH] Who are the reformists in the Liberation Front?

[Adjerid] The president represents the reformists in the Liberation Front and the regime. We support him and find common ground with his ideas.

#### EGYPT

##### Ruling Party Reportedly Loses Credibility

90OA0276A Cairo ÁL-HAQIQAH  
in Arabic 23 Dec 89 p 5

[Commentary by Muhamma Shukri 'Abd-al-Fattah]

[Text] There is no longer disagreement that the ruling party in Egypt has completely lost its credibility with the Egyptian people in its entirety, and now does not enjoy

any amount of respect, confidence, or esteem. The reason for that is its record full of the worst practices, the ugliest transgressions, and the basest of perversions and wantonness in the administration of the nation and its sovereignty, honor, and wealth, throughout the dark years in which it undertook to rule the country.

From the moment the National Party first took over rule of the country, the country has been living in a state of shameful constitutional collapse as a result of the distortion of the will of the nation and the unconstitutionality of the laws and practices practiced by the authorities in Egypt. It eventually ended up with the most serious social and economic collapse known by the country, along with the most disgraceful kinds of oppression, torture, and violation of the constitution, the law, and international human rights accords under the most oppressive rule by the accused emergency law.

It is clear that the strategy of the ruling National Party in Egypt is to rule the country by the emergency law forever, and to destroy freedom and invalidate public rights and subject the people to the ugliest kinds of oppression and various forms of terror and indimidation on the part of the authorities, along with the spread of corruption, bribery, and embezzlement within the state, the decline of morals, the lack of oversight and accounting, the spread of crimes, the lack of example, and the loss of its agencies' credibility.

The Egyptian people, at the forefront of whom are the thinkers and men of law, have followed with great alarm the spread of laws and military and emergency courts to judge civilians and deprive them of their universal right to have recourse to their regular judge, who is guaranteed to them by the constitution, regular law, and the international human rights accord. The people of Egypt also followed with the utmost bitterness and sorrow the contempt of the authorities in Egypt for the rulings of the courts, and their subsequent refusal to accept the just rulings issued by the courts, such as the verdict of innocence in the case of the railway workers and in the video cases and the like. In addition, there is the infringement upon the independence of the courts and the lack of respect for their rulings, something which has cost the institution of the presidency in Egypt its credibility, especially since the president of the republic is at the same time the head of the National Party which has caused what the country has come to in the way of ruin, loss, and corruption. Thus it can be said that the National Party has entered the recovery room between life and death.

#### Interior Official Calls on Public To Uphold Security

900A0276B Cairo AL-JUMHURIYAH  
in Arabic 29 Jan 90 p 5

[Article by Muhammad Fawi 'Asar, former assistant interior minister]

[Text] Security is a great word in meaning and form. The simplest concept regarding it is that it includes the security of the nation and the security of the citizen. The

security of the nation includes the security of its land, its air, its water, and everything that it possesses; in other words the nation has complete sovereignty over its land and within its international borders, unchallenged by anyone, and that it not accept that any entity whatsoever take away from that sovereignty.

That nation, in the interest of enforcing its right to its security, must defend that right with every means of defense, be it by fortifying itself and its borders with whatever would repel any hand that tried to encroach upon that right.

Likewise it must pursue every peaceful means in this respect, including bilateral, regional, or international diplomatic contacts, as well as resorting to litigation and arbitration if the matter called for it. These are all things arranged by general international law and the international conventions and treaties of various kinds. Finally it can resort to force if the matter required it.

The second issue, which is more urgent and has more of an impact on the daily lives of the citizens, is the security of the citizen. It includes protection of the person, dignity, and property, protection necessary if the citizens are to live an honorable life. Any violation of any little part of it, and any infringement upon any of its elements no matter how minute, will have a harmful impact on the life of the people and their conduct, and ultimately on their production and their loyalty to their nation.

Laws have provided for the implementation of the forms of this protection, and these laws have become a fixed system in the life of the people. One of the requirements of these laws is that they be known to all the people and they deal with them justly and with equality, in a way that achieves the goal intended by their enactment. One of the characteristics of these laws is flexibility, such that their rules are appropriate to the needs of the people and their security. If something came up that called for some adjustment or change appropriate to the development of society, the laws would make this adjustment and change. Society charges some of its people with applying these laws, and their conduct and the manner in which they apply these legal rules are monitored, and it is unacceptable that anyone so charged should depart from these legal principles, whether the departure be negative or positive. The simplest sign of dissatisfaction is resorting to the courts.

In the area of security—the security of the citizen, that is—society has charged the police with carrying out this responsibility, and society has given this agency all material and nonmaterial means to perform this responsibility. As a part of this society, no citizen, whoever he may be, accepts that there is any shortcoming in the performance of the security task, nor does he accept any departure from it or excess in it. Otherwise, the offender would be called to account in view of his having abused the use of power.

[Passage missing; as published] on the police force. There are other positive means of helping to establish

security, some of which are not misleading policemen or concealing necessary information or failing to protect movable and real property in a way that would induce evil persons to attack them. They also include informing about every gang formation that would have an impact on national unity or the unity of the domestic front, or spread rumors and lies, or push drugs, or promote issues of decency and currency and others. This concurs with what the Prophet said, that whoever sees a reprehensible thing should change it, and one of the means of change mentioned by the noble *hadith* [Prophetic tradition] is changing by speaking, and that would be by informing the police of it at the appropriate time and cooperating with them in applying the law. In this sense, security is the responsibility of every citizen, and in the legal sense it is the individual duty of every citizen, for which he is accountable to his conscience, to society's conscience, and to God Almighty.

There is no agency in the world that is subject to the constant scrutiny of the masses like the police, and that is because its work touches all aspects of people's lives, and because the law has given them huge, diverse responsibilities from which there is no release. The people deal with them at every moment whether in motion or at rest, and even while the people are resting and asleep, the police force must be awake and alert to perform its responsibilities.

I would say that the police force in our country carries out its responsibilities as well as can be because of many factors, including first-class education, good training, and good selection of leaders, in addition to the presence of enlightened internal oversight. There might be a very few who are remiss, and the police does not fall short in punishing them and even getting rid of them, if the matter calls for it.

Every citizen has the responsibility to take part in the various ways of building bases of security and in helping the police. The simplest of these ways is a good understanding of the laws so that every citizen will know in every situation what rights he has and what obligations he has, and will adhere to these laws, thus reducing the imposed burden.

Nothing remains after that except the problem of the dollar, which is a problem against which all political, economic, and security agencies of the state must stand together. Putting an end to the drug trade and currency smuggling and pulling them out by the roots—something that is not out of reach nor difficult to achieve—is a step on the way to reforming not only the public sector, but Egyptian society as a whole.

**Tawbar Picked for Reported Public Sector Ministry**  
45000104 Cairo AL-HAQIQAH in Arabic 24 Feb 90 p 1

[Report by Nur al-Sabah]

[Text] Dr. Ahmad Salamat, minister of People's Assembly and Consultative Council affairs, has assured

AL-HAQIQAH that the government is on the verge of finishing a study to establish a ministry to oversee the public sector.

AL-HAQIQAH has learned that the candidate to assume the new ministry is Dr. Samir Tawbar, chairman of the National Democratic Party's [NDP] economic committee, especially since the NDP made the proposal.

**Stock Market Head Assesses Impact of Investor Controls**

900A0329A Cairo UKTUBAR  
in Arabic 14 Jan 90 pp 9-11

[Interview with Dr. Faj-al-Nur, chairman of the Money Market Authority, by Muhammad Nijm: "What Has Happened? What Is Happening?"; first two paragraphs are UKTUBAR introduction; date and place not given]

[Text] No one has been criticized as vigorously as Dr. Muhammad Hasan Faj-al-Nur, chairman of the Money Market Authority. Even though the Deposit Law has been in effect for two years, and even though the status of all investment companies has been determined, thousands of depositors still maintain that Dr. Faj-al-Nur is the one who torched the whole affair, initiated the slaughter, ravaged investment companies, and inflicted upon depositors worse damage that afflicted the national economy.

The following interview with Dr. Faj-al-Nur is not an attempt at proving or denying those charges. Rather, it is meant to dot a lot of i's and cross a lot of t's.

[UKTUBAR] Dr. Faj-al-Nur, it has been two years since the Deposit Law was promulgated. Has it accomplished its objectives?

[Faj-al-Nur] We must acknowledge at the outset that the purpose of the law was not, as some people claim, to strike investment companies or liquidate them. Its purpose was to cleanse the investment climate, organize certain recent economic phenomena, and introduce new vessels to package savings for investment in Egypt.

It can be said that goal has actually been accomplished. As far as "cleansing" is concerned, the law and its guidelines mandate the minimum conditions that must be met anywhere in the world before the funds of others can be put to work.

Banks and insurance companies are examples of institutions that utilize the funds of others. Each has a framework specific to it that regulates and stipulates the conditions for investing the funds of others in various fields.

Investment companies are a third example of institutions that work with the funds of others. Their activity, being new to Egypt, had to be filtered and organized. [Investment companies], for instance, must be open to

general subscription, must have capital floors and ceilings, and must have a stated board of directors and a general assembly as a system for internal control. They must also have an accounting system and a stated budget and must comply with all other legal stipulations and guidelines.

Companies operating in that sector were given a year to conform to the minimum requirements of the law.

By the same token, companies that do not wish to comply are clearly allowed by law to resume their original activity after refunding deposits previously received from citizens. All companies previously engaged in any activity—be it in agriculture, commerce, or industry—would be allowed to resume that activity as long as it no longer accepts citizen deposits.

Only 14 of 104 known [investment] companies wish to continue receiving deposits.

#### Company Profile

[UKTUBAR] What is the current "profile" of those companies?

[Faj-al-Nur] After recording and classifying all the companies (104), auditors found that six of them had received no deposits at all [but were investigated] because of former relations with companies that did, or because they were turned in by the public.

Of the remaining 100 companies [as published], 14 were evaluated by the authority's board and specific action was taken in their regard. Thirty-six companies were investigated by the Socialist Prosecutor's office [government official charged with prosecuting crimes involving the exploitation of people]. The other 48 companies opted to stop receiving deposits and pledged to refund depositor funds in several payouts to be completed no later than next 9 June. The authority's relations with those companies is to oversee their compliance with the law in refunding previously accepted deposits.

The audits, for your information, were perfectly impartial and were done by chartered accountants designated by the Central Accounting Authority. They are private independent auditors and were not employees of the authority. Their job was limited to identifying the true financial condition of each of those companies on 10 June 1988, the day the law went into effect.

The law has been applied, the tabulations and audits have been completed, evaluations were made, and we now have distinct profiles of those companies. How does all this impact the national economy which is of the essence?

#### The End Result

[Faj-al-Nur] The end result is that the law has accomplished all it set out to do.

Companies that invested depositor funds in productive projects have been allowed by the authority's board to

continue. Also on the subject of "cleansing," former claims of high profits by those companies had subjected the business sector—government, public, and private—to unrealistic competitive pressure to either match those companies [returns] or go out of business. No serious project could have made this kind of profit within the short period of time when those companies were in operation.

The restructuring of the investment sector, including those companies, restricts aggregate deposits received in the future to a maximum of ten times capital, and then only if warranted by the company's supply needs for the following two fiscal years.

The acceptance of deposits is no longer as wide open as it used to be. First, the company must have projects planned before it can collect funds, and then only up to the amounts needed to finance those projects.

We have [created] a new type of company structured according to law and governed by operational procedures that make the utmost information available to investors, (formerly called depositors).

The most significant accomplishment of the law, in my estimation, is that it provides a large number of new investment vehicles for all stock companies operating in Egypt with the exception of employment agencies. Article 15 of the law allows all Egyptian stock companies to issue "financing bonds" with which to finance operations and investments via Egyptian capital markets without having to turn to the banking system. Such medium and long-term investments are financed throughout the whole world via capital markets not money markets.

[UKTUBAR] How do you answer those who claim that you intervened abruptly and against the will of depositors?

[Faj-al-Nur] That is not true. Unfortunately, depositor perception differed from reality. Their funds were kept from investment opportunities in Egypt and were exposed to risk. Some were actually at risk. Companies that invested in productive projects were permitted to continue in operation—isn't this proof enough that our intervention was warranted?

[UKTUBAR] What about the eight companies whose applications were denied?

[Faj-al-Nur] They had the option, under the law, to appeal to the minister of the economy and they did. So far, he rejected the appeals of four of them.

#### No Narrow Interests

[UKTUBAR] It is claimed that you were harsh with some of the companies for personal reasons.

[Faj-al-Nur] This is illogical because no one has a personal interest in accepting or rejecting the applications of some company. At any rate, the cases of those companies

and their appeals are being reviewed by an impartial committee formed by the minister of the economy and foreign trade in order to determine the validity of those appeals. That committee will most certainly scrutinize the authority board's decisions and reasons for rejecting complainants' applications to reorganize and register. The committee is competent to make things right should it judge a board decision to be harsh or unreasonable. As a matter of fact, the companies may also seek relief in the courts!

[UKTUBAR] About seeking relief in the courts, isn't it inconsistent that complainants are allowed to sue, and yet they face an absolute deadline to refunding depositor funds by 9 June?

[Faj-al-Nur] No inconsistency at all. The law gives companies a full year to restructure and, failing to do so, two full years to return depositor funds.

Companies must have been aware of their true financial conditions before submitting their applications, especially since they were reexamined and audited. It was therefore incumbent upon them not to wait until the final day of the legal deadline to file their applications with the authority's board. It was also incumbent upon them to restructure in order to be able to refund the deposits over the two years allowed by law. That gave serious company ample time to put their affairs in order.

#### Sparrow's Milk

[UKTUBAR] It is claimed that you made an allegory between the refunding of deposits in the immediate future and the quest for bird's milk! Wouldn't this [demand] force those companies to liquidate?

[Faj-al-Nur] First of all, I never said anything like that. Who says that refunding deposits means company liquidation? To put it simply, companies are to return the funds they accepted from investors, and then resume their former operations with the exception of receiving deposits.

[UKTUBAR] [Faj-al-Nur] But how about the depositors? You know the [financial] condition of many of them!

[Faj-al-Nur] That is the reason why companies rejected by the authority's board were referred to the Socialist Prosecutor's office in order for it to oversee deposit reimbursements in accordance with the schedules set by the companies themselves.

[UKTUBAR] Why the Socialist Prosecutor?

[Faj-al-Nur] Because that agency is experienced in this field and has flexibility to handle the matter in the best interest of depositors.

[UKTUBAR] How about al-Rayyan and his depositors?

[Faj-al-Nur] We no longer have anything to do with him or them!

#### False Pretenses

[UKTUBAR] [Faj-al-Nur] There are those who opine that depositors have the final say and call upon investment company depositors to hold general assemblies to determine the fate of those companies without involving the Money Market Authority. What do you say to that?

[Faj-al-Nur] I am in total agreement with the maxim that investors should have the final say, assuming there are free from all outside pressure, be it from the Money Market Authority, the companies, or any other source. The Authority has not resisted certain procedures adopted by companies that are currently refunding deposits. For instance, some depositors requested to be partners in the companies that previously received their funds.

This [general assembly concept] poses several problems, though. Certain companies have huge numbers of depositors. How can they all get together, free from any pressure, to express their collective wishes? And in what capacity? They are not a specific legal entity because a stock company's general assembly cannot be depositors but must be composed only of stockholders—owners of capital in other words. How can depositors have the final say on funds they do not control?

Saying that "depositors have the final say" is a true maxim that is being misapplied. Such a proposal is unlawful and impractical because depositor interests, especially in large companies, are frequently at odds.

#### 9 June

[UKTUBAR] [Faj-al-Nur] Let us go back to the 14 companies reviewed by the authority's board of directors. What was its determination?

[Faj-al-Nur] The authority evaluated those companies on the basis of its research and studies as well as of auditor examinations. Six of them were approved for reorganization and registration. They were permitted, in other words, to continue operations in the sector of receiving funds for investment.

The other eight companies were rejected because of their financial condition, their type of operation, mismanagement, or other reasons that disqualify them from utilizing the funds of others. They were consequently obliged to return the funds to their owners before the 9 June deadline set by law.

#### Oversight

[UKTUBAR] What will the future relationship be between the authority and those companies allowed to resume accepting funds for investment?

[Faj-al-Nur] It will be limited to oversight to assure compliance with the law without interference in management operations. Oversight will take the form of examining balance sheets in light of established practices as

well as scrutinizing the profit and loss statements and distribution accounts to ascertain that distributions are indeed realized profits!

[UKTUBAR] What future steps are those companies expected to take immediately after reconciliation?

[Faj-al-Nur] Each company will issue "investment bonds" in the amounts previously collected from the public. The bonds entitle their holders to share in their company's profits and losses but give them no say in management. Bondholders will be preferred over investors in case of liquidation.

Those companies will operate in the sectors specified in their charters and stated on the bonds received by depositors. In other words, the companies will not be able to operate outside the sectors specified in their charters and stated on the bonds. If they do, investors (depositors) would be entitled to withdraw their funds because the companies would have violated their basic charters as well as the law.

Furthermore, the companies will not be allowed to receive new funds without the approval of their general assemblies and in accordance with financing requirements as stated in company prospectuses for the two ensuing fiscal years.

It is to be noted that bonds define the relationship between companies and fund owners (bond holders) by identifying value, currency of investment, date of purchase, and method of calculating profits and losses in order to determine the periods for which holders can share in profits.

The bonds are currently nonrenewable because they are special issues against funds collected before the law was issued.

That was the gist of a three-hour interview with Dr. Faj-al-Nur, chairman of the Money Market Authority. As we stated earlier, our objective was not to put Dr. Faj-al-Nur on trial to prove or disprove accusations against him. Rather, our purpose was to shed light on previous and current developments. Conclusions are left to UKTUBAR readers in general and depositors in particular!

#### Water Utility Chief Discusses New Plants, Capacity

45000101

[Editorial Report] The 15 February 1990 issue of Cairo AL-WAFD carries on page five an interview by Majdi Muhammad Farid and Muhammad Raja'i Yusuf with Engineer Kamal Hajjaj, head of the Cairo Water Utility. In it he describes the "huge new water plants" located in Rawd al-Faraj, Musturud, Imbabah, al-Fustat, and North Hulwan, "each of which produce no less than 200,000 cubic meters of water per day." He adds that, "Some of them have a production capacity of approximately 800,000 cubic meters daily."

He notes that the utility is now able to produce 4.2 million cubic meters per day, servicing 12 million people in the region through 5,000 km of water networks and routes, and says that, "Plans are being made for the utility's capacity to reach 6 million cubic meters per day so that we will be able to face the expected population increase until the year 2000."

#### Cairo University Students Protest Torture of Women

45000103 Cairo AL-HAQIQAH  
in Arabic 24 Feb 90 p 10

[Report by Khalid al-Sharif]

[Text] Last week, a large number of students at Cairo University demonstrated in protest against the arrest and torture of women at the 'Ayn Shams police station in order to force their relatives, members of the Islamic Jama'at, to turn themselves in. The students criticized the emergency law and the crude security attacks on the sanctity of women and human rights. In a conference held after the demonstration, they encouraged all national forces to stand up against this crime and the courts involved in it.

Also, the al-Matariyah prosecutor's office has begun investigating accusations made by the ten women who were tortured. The prosecutor's office has ordered them turned over to the medical examiner's office.

#### Writer Proposes National Water Strategy

900A0336A Cairo ROSE AL-YUSUF  
in Arabic 29 Jan 90 pp 28-29

[Article by Staff General Ahmad 'Abd-al-Halim: "The Nile in International Conflict Arena"]

[Text] Experts, warning of exacerbating water shortages in the Middle East, say that the region's course for the remainder of the millennium will be a function of the tussle for water resources rather than for petroleum. Coordination is needed urgently at the summit if unprecedented national and regional conflicts are to be averted. Furthermore, certain countries of the region face an increasing likelihood of disaster unless they are able to supply the water needed for farming and food production.

An Associated Press report pointed out that water shortages have aggravated as the region suffered a series of droughts as well as five years of record temperatures. It is also expected to experience a population explosion that would double the number of its inhabitants within 20 years.

Elements of the Egyptian economic crisis are beginning to compound and are expected to have a future impact on countries of the Nile Valley. World conflict, currently focused on petroleum, will revolve in the future around food and that depends for its production on water,

partially and entirely. This is why the Nile River (its resources and dams) is expected to enter the arena of international conflict.

The development potential of the farm sector is at the center of Egypt's future aspirations in realizing the objectives of the development plan and ensuring the country's food security and prosperity.

Agriculture is the cornerstone of Egyptian national production and is its primary bulwark, especially in view of the expected increase in population. Foodstuffs, and especially wheat, have become strategic materials used by vested countries as weapons to bend the wills of developing nations. This must be counteracted by securing adequate fresh water resources and by developing agriculture. Water resources are a natural factor of farm production and one of the variables that control horizontal agricultural expansion. This is the area to which Egypt must dedicate itself.

The River Nile is the main natural water resource in Egypt.

One of Egypt's divine gifts is that it is impossible to stop or interrupt the flow of Nile water. Humans can only intervene with state-of-the-art technology to regulate the benefits they derive from it. Humans benefit in proportion to the degree with which they plan the way they exploit Nile water. The reverse is also true.

Following are the main characteristics of the farm problem in Egypt:

1. The cultivated area is small relative to the size of the country
2. Land reclamation is relatively slow and focuses on vertical agricultural expansion.
3. Water is wasted because of scant modern techniques such as drip and sprinkler irrigation.
4. Population concentration in the narrow currently inhabited area has been aggravated by recent rural immigration to urban areas, impacting the planting of arable land.
5. The problem of arable land is becoming more pronounced and aggravated by urban sprawl unchecked by law or by effective state controls.
6. The unavailability of materials needed for agriculture and of effective planning to channel foreign investment into farming projects. Investment is frequently confined to consumer products.
7. An alarming increase in population.

Diligent horizontal expansion is, therefore, imperative if the farm sector is to meet the increasing demands on it.

### Long-Range Security

The Nile valley is gaining utmost importance for Egypt because it comprises several strategic regions that could threaten Egyptian national security. This course derives importance from the sources and tributaries of the Nile, which is the life artery for Egypt and the Egyptians; the Sudan that represents a strategic extension of Egypt and directly shares with it the Nile water flowing from Ethiopia's Lake Tana; and the remaining countries that are beneficiaries of Nile water and signatories to a relevant agreement. Conflicts in the valley directly impact on Egypt's Nile interests. Most significant among those conflicts are the problem of southern Sudan and its impact on Sudanese unity, the Jonglei Canal and other farming and energy projects; Sudanese-Ethiopian conflicts especially as they relate to farmland (al-Fashqah major and minor); and other national conflicts among countries of the valley. These conflicts, among others, could pose a threat to Nile resources and tributaries. Countries of the valley also pose the threat of reducing Egypt's annual share of the water.

Countries of the valley, prior to the drought problem, mainly used rain water for farming but are now irrigating with Nile water instead. They profess that they are not bound by water-utilization treaties on the pretext that they were concluded under the aegis of imperialism. Some such countries also disregard the interests of others by not coordinating irrigation and energy projects with neighboring valley countries and by not emphasizing plans to manage river water and to reduce waste. Certain projects constructed on the river have also been undermined by obstruction and sabotage (Jonglei Canal) and by an unforeseen increase in river water consumption caused by population explosions in several Nile countries.

Those considerations enable Egyptian strategists to define the fundamental framework for bolstering relations with countries of the valley on the basis of cooperation in the various fields. That would serve Egypt's present and future interests and would present Egypt's viewpoint on Nile source security on the basis of its commitment to the interests of countries of the valley and to the principles of international law governing the use of international rivers. That is the framework that guides Egypt's efforts to safeguard river water rights and develop water resources to serve the future interests of countries of the valley in meeting the increasing demand for Nile water.

### Defining Objectives

It is, therefore, conceivable in the final analysis that Egypt's strategic objectives would be to:

1. Articulate Egyptian national objectives in the Nile Valley as the basis for comprehensive national strategies and as guidelines for Egypt's future course.

2. Be aware of Israel's growing presence in countries of the valley, of the policies of foreign powers, and of expected technological developments in the world.

3. Consider available options and the climate suitable for their implementation. Define a comprehensive strategy—at least for the medium term—to accomplish stated economic and social development based on close cooperation among countries of the valley and between them and the rest of Arab and African countries; on the realization of local potential with the support of Arab capability and of regional and world organizations; and on gradually developing this cooperation as substitute for foreign economic forces in the Nile region.

4. Secure River Nile water resources to ensure its uninterrupted flow and to obtain Egypt's fair share of its water. Pursue persistent diplomatic efforts to increase that share in order to meet the requirements of agricultural development and land reclamation plans. Ensure vital objectives and secure Nile water installations and projects. Guarantee existing boundaries and strategic depth against any hostile presence.

All of this requires that Egypt's foreign policy give increasing priority to countries of the Nile valley and to formulating long-range policies towards them.

#### Facing-Off Plans

National planning authorities must formulate national soil and water conservation policies that would establish priorities and set clear guidelines for current and future development plans. Such policies would define:

1. Sites for farm expansion; irrigation and drainage networks; and dams and reservoirs

2. Sites for habitation, towns, and commercial complexes

3. Sites for industrial centers, mines and oil fields, and traditional and nuclear power stations

4. Sites for tourist villages, ports and airports, and communications networks

5. Sites for defense and security (armed forces strategic centers)

Agricultural planning must also keep the following in mind:

1. Maintain multiannual agricultural cycles that alternate water-intensive plantings with others that are less so, therefore releasing the water to other fields.

2. Conserve water to last over the term, especially from nonrenewable resources (such as aquifers). Use modern techniques to irrigate new fields.

3. Encourage comprehensive developmental studies of farm expansion projects.

4. Select new residential sites guided by the national plan for land exploitation, in accordance with various environmental considerations, and without encroaching on existing farmland.

5. Develop water treatment and desalination stations for potable water; sanitary sewage networks; and sewage treatment stations whose output would be used for farming.

6. Locate industrial complexes and various thermal energy stations in line with the national plan for land exploitation in order that the agricultural plan may benefit from it in reclaiming new farm land.

7. Rationalize the use of water for nonfarming purposes.

Egypt has a large stockpile of land, water, and human resources but it lacks long-range national planning and the diligence that would restore it to its economic place among other nations of the world. The cooperation of all citizens and their solidarity are needed to attenuate the acute food crisis and to solve the larger economic problem. The 90's represent a decade of challenges and hopes that will enable Egypt's faithful citizens to face challenges and to realize their promise. Let us remember the divine verse that "God Will Not Let Good Work Go Unrewarded."

#### Columnist Criticizes 'Arafat Statement on U.S. Role

900A0344A Cairo AL-AHRAM AL-DUWALI  
in Arabic 21 Feb 90 p 14

[Editorial by Anis Mansur]

[Text] The Palestinian leader has said that the ball is in the U.S. court.

Not the Egyptian, nor the Arab, nor the Russian court: Egypt is no longer capable. It has given its all; it understands, but its power is limited. The one that sees, hears, and is capable is the United States. God have mercy on you, al-Sadat. They accused you of treason, of being an agent, and of selling out when you said that the United States held 90 percent of the cards. Only 90 percent, not all the cards!

Now the Palestinian leader says that the United States holds all the cards. He has also been saying that the United States is greater Israel and that Israel is the little United States. In other words, the ball is now in Israel's court, and the problem must be solved with Israel, not the Arabs, Egypt in particular. They must negotiate with and sit down with Israel. There is no "need" for Egypt and the other Arabs. Praise God, what have we been saying for 40 years...we said only part of this, and we were accused of treason. Normalization of relations with Israel was treason; normalization now with Russia is treason and with the United States, which has become

Russia, treason. The entire world is now the United States, and the United States is no longer Israel: the entire world is Israel!

If this is the opinion of the PLO leaders, there is no power and no strength but in God.

If so, the land has been lost and with it, the men and resources. The hands of the young people of the intifadah [Palestinian uprising] have been pulled back, unable to pick up a single stone. How many stones...how little power.

The role of the intifadah has ended, and the role of old women at a wedding has begun in the European and Arab capitals.

The ball is in Israel's court today and tomorrow, where there are more than 100 political, religious, and ethnic players, scores of balls, hundreds of referees, and thousands of spectators.

Oh, leader! if you had chosen to fight Israel alone, with no help, on its territory, you would have gone back decades, centuries. We thank you for this philosophy; you have put our minds at rest. You have saved us money, from you to Israel!

God willing, we will not see you for a long time and that on another planet!

## IRAQ

### Official Alleges U.S. 'Brainwashing' Activities

90OL0271A London AL-HAWADITH  
in Arabic 2 Feb 90 p 51

[Article by Jihad Fadil: "The Gulf War and 'Brainwashing' Activities"]

[Text] Experiments are being conducted on human beings without their knowledge, and a breed of humans, who are fully programmed and who have no will of their own, is being created. Subliminal messages are being used to create new memory, and television is being used maliciously and cleverly to do just that and to enable states in this day and age to achieve their objectives. These are some of the topics which can be found in a book by Mr. Salah al-Mukhtar, which was published recently by the General Cultural Affairs Publishing House in Baghdad.

The book starts out by calling attention to the birth of a new science in the United States, the science of political psychology, which is based on a marriage between the rules and principles of psychology and political science and the art of intelligence gathering. Among the positive "raisons d'être" for this science is the service it provides to major strategies and objectives which countries intend to achieve by exerting influence on individuals and groups. This science is being superbly applied in the Third World, where the concept of brainwashing has

been employed by creating political, economic, and security conditions which are harmful to people. Such conditions, which challenge people's deeprooted convictions, ideas, and traditions, would persist for several years, and people would have no hope that these conditions would be removed or that their effects would be alleviated. Gradually, the walls which had gone up to protect the brain, the mind, and the psyche comes tumbling down, and the mind starts accepting opinions, ideas, and modes of behavior which in the past it would have perceived as being forbidden.

Brainwashing activities are not limited to media campaigns that go hand in hand with political and economic measures. Brainwashing goes beyond that to include giving individuals certain "potions" to alter their behavior and make them fearless, unwavering, and willing to carry out any mission whatsoever. Such a "martyrdom potion," which was administered to people in a few Gulf War operations, is made of a large amount of opium mixed with aldebing [as published] and cortisone. Whoever takes this potion, which comes in pills and in solution form as well, suffers a total loss of will power and becomes unable to resist. Ideas are then poured into that person's head, and these ideas are readily and immediately accepted with no resistance whatsoever.

It seems that history is somehow repeating itself since this martyrdom potion seems to be a modern version of a ritually pure wine, which al-Hasan Ibn-al-Sabbah, the leader of a group of hashish addicts, used to offer his disciples at his residence in "The Death" Fortress in Persia nine centuries ago. Al-Hasan Ibn-al-Sabbah used to give his disciples a drug that was made of hashish and opium. It left them in a condition that can be described as somewhere between wakefulness and sleep, and it impaired their consciousness and awareness. When they were completely under the influence of the drug, the disciples were taken into a garden where they found beautiful women and streams. Thus, their convictions were strengthened, and before the effect of the ritually pure wine wore off, they were given a strong dose that knocked them out completely. The disciples were then carried back to their own places where, upon waking up, the vague memories they had of the paradise they visited kept them preoccupied with the thought of going back. At that point al-Hasan Ibn-al-Sabbah would step in and say, "The only way you can go back to paradise is to carry out my orders to the letter without hesitation. And that includes ordering you to kill yourselves." Al-Sabbah's disciples sometimes did what he told them to do, and some of them hurled themselves from the top of the fortress, exclaiming, "Paradise, here we come" as they fell to the bottom of the hill. It is known that these hashish addicts carried out assassinations which shocked the entire Islamic world at that time.

The book talks about such activities in detail, and it talks about their techniques, methods, and consequences. It gives examples of recent brainwashing activities, including one which was carried out by the Americans on

former President Reagan. To awaken and expand Reagan's substitute imagination, a character was created in an American movie called RAMBO to allow Reagan to see himself as Rambo's coach. Reagan responded to the brainwashing, and after seeing the movie, he spoke with confidence and ease. Referring to the problem of world terrorism, he said, "Now I know what I have to do."

Some Third World countries provide the West with an excellent field for the pursuit of brainwashing activities. They get the benefit of the West's previous experiments in such activities as well as the benefit of astounding developments in that field which occurred in recent years. But brainwashing activities do take place in the West itself too where television is being used on a broad scale in shaping people's ideas and convictions and denying them their right to think independently and spontaneously. Mr. Salah al-Mukhtar discusses all this in his delightful and useful book, as he cautions us and warns us of both present and future dangers surrounding the Arab nation.

#### **Budimex in Iran, Iraq: Petrochemicals, Energy, Housing**

*90EP0343Z Warsaw RZECZPOSPOLITA  
in Polish 3 Jan 90 p 3*

[Article by (z): "Budimex in Iraq and Iran"]

[Text] As soon as the shooting stopped in the Iraq-Iran war, both sides began the next battle, this time for the rebuilding of the economic potential. The action is proceeding mainly in three directions: the petrochemical industry, energy, and housing construction. Both countries are inviting foreign firms to join in this work. Among them is also a firm which is in 50th place on the list of the largest contractors—Budimex from Poland.

Grzegorz Tuderek, general manager of Budimex, talked about the presence of Polish specialists on construction jobs in Iraq and Iran, as follows:

"For many years, before the war broke out, skilled Polish workers were present at large investment projects being carried out in those countries. When the guns became silent and both countries began to rebuild their economies, we submitted our offers to take part in these processes.

"Thus in Iraq, in accordance with contracts signed by Budimex with Technical Corporation for Special Projects, in the No. 2 Petrochemical Complex in Basra, Polish designers are employed in the local design office. They will work there for 2 years, with the possibility that the contract will be extended for a longer period.

"We have already underscored our presence in Iran with the signing of two contracts. The first pertains to the erection of a cooling tower in the Sahit Rajaj power plant near Ahwaz, and the second to services performed by our

specialists in the Mubarakeh Steel Plant. In both cases, the general contractor on these jobs will be the Warsaw Energoexport.

"Independent of the contracts which Budimex has already signed or negotiated, it has also submitted direct offers to both countries as well as to foreign firms which will invest in Iraq and Iran. There is a large chance that many of them will be accepted."

#### **ISRAEL**

##### **Open-City Solution for Jerusalem Proposed**

*44000217 Jerusalem THE JERUSALEM POST  
in English 4 Feb 90 p 4*

[Article by Moshe Amirav]

[Text] From the point of view of international law, Jerusalem still has a special status, as decided by the UN in 1947. In 1980, the Security Council Resolution 476 of 1980 determined that "the steps taken to change the special status of the city are invalid." No country has recognized Jerusalem as Israel's capital.

Israeli readiness to put forward a new proposal, including a waiver of sovereignty over part of the city, will, from the international point of view, permit the resolution of the final status of Jerusalem.

The unification of the city in 1967 made it into a bi-national city. The number of Arabs in it was doubled, and is now over 130,000, accounting for almost 29 percent of the population.

Research conducted in recent years (by Michael Roman of the Jerusalem Institute and others) shows that according to accepted indicators, the city remains more divided than other problematic bi-national cities such as Montreal, Brussels, Nicosia, Belfast and Beirut. The separation in the spheres of commerce, employment, wages, administration, religious adjudication, transport and accommodation is without precedent for problematic bi-national cities.

According to the research, the situation is even worse than it was in pre-1948 Jerusalem, when the city was bi-national under British rule; over the past year it has deteriorated further as a result of the intifadah.

From any point of view, except the formal, Jerusalem in 1990 is a divided city.

The Political solution has to be based on the assumption that it must not be divided again. The arrangement proposed below expands rather than contracts the possibilities for Jewish and Arab residents of the city.

From the economic point of view, it will result in the prosperity and development that are necessary for Jerusalem which, in recent years, has become a focus of public services, academic life and tourism. Proclaiming it a

free-trade area will result in the development of science-intensive industries on economic terms that will attract entrepreneurs. Financial institutions will develop as at similar places in the world.

Doubling the municipal area will add land reserves, thus significantly lowering construction costs. It will also halt the trend of Jews leaving the city because of the lack of jobs and the cost of housing.

The municipal boundaries will be expanded so that the city becomes a functioning unit, with a commuting time of half an hour for residents working in the center.

The proposed area covers some 500 sq. kms. (double the present municipal area of the city) and will include Ma'ale Adumim to the east, Bethlehem to the south, Ramallah to the north and Mevaseret Yerushalayim to the west.

It will be divided in terms of sovereignty on two axes.

The Israeli axis, from east to west, will include Ma'ale Adumim, the Jewish part of Jerusalem and Mevaseret Yerushalayim. A total of 450,000 Jews will live there.

The Palestinian axis of sovereignty will run north-south, and will include Ramallah, the Arab part of Jerusalem and Bethlehem. A total of 450,000 Arabs will live there.

The holy sites in the Old City will be administered by a confederal authority, and sovereignty over them will be joint Israeli-Palestinian.

There will be a Jewish municipality for the Jewish area and an Arab municipality for the Arab area.

A joint roof municipality for the Jerusalem metropolis will be set up with Jewish and Arab representatives in equal numbers. The chairmanship will alternate between Jew and Arab.

For Jews, Jerusalem was and remains the most sacred spot on earth, with its homes, views and sites compounding all the memories of the national and religious experience of the Jewish people. For Muslims, Jerusalem is third in sanctity after Mecca and Medina. For Arabs, it has been an Arab city for hundreds of years. For Christians, the special status of their holy sites is a matter of primary importance.

Jerusalem has always been a city of war; it has seen more battles and wars than any other city in the world. The proposed solution of an open city, a united metropolis, dual sovereignty, two capitals, can make it, for the first time in its history, what its name denotes: a city of peace.

The writer, a graduate in city administration of New York University, is an executive of the Jerusalem Municipality and chairman of the committee for East Jerusalem.

## LEBANON

### Tripartite Committee Advises Syria on Peaceful Solution

90OL0209A Kuwait *AL-QABAS*  
in Arabic 28 Dec 89 p 23

[Article: "Tripartite" Advised Syria To Extend Deadline of Peaceful Solution Because of 'Aoun's Difficulty"]

[Text] According to closely held information, the Arab Tripartite Subcommittee, charged with supervising implementation of the al-Ta'if Conference's decisions, has advised the Syrian government to allow more time to solve the difficulty of "General 'Aoun, peacefully." [quotations as published] Despite the fact that signs of losing patience have appeared in Damascus' stance, with regard to plunging into the labyrinth of peaceful solutions, the Syrian capital, for consideratons that have no connection with the Tripartite Committee's advice, has decided "to put its fingers in the wound" once again, stressing on various regional and international levels that "our patience has limits, and we have exhausted all possibilities of this patience." However, words about war are one thing, and using the machinery of war successfully is another. Perhaps, the reason Damascus is giving broad scope to apply the solution, or the proposed peaceful solutions, is that its war options to put an end to the so-called "mutiny of officer 'Aoun," are no longer on the desired level, especially since there are those who fear, and express those fears audibly, that "embarking on a military battle against Gen. 'Aoun without considering the true options 100 percent could drag Syria into a critical military situation, by which it could easily be blackmailed politically and militarily by various parties on all levels."

The recent tour of the Tripartite Committee's foreign ministers to certain international capitals, which took place at the beginning of this month, has shared in cementing the impression that it would be beneficial to deal with Gen. 'Aoun by peaceful means, "because the military option has become a dark red line" with regard to France and the Vatican, and equally undesirable vis-a-vis the United States and the Soviet Union. This has caused the belief that the attempt to "clarify but not change" the al-Ta'if decisions about the Syrian presence in Lebanon" has become an international requirement, or rather, it could almost be "the single peaceful solution on the table now."

Therefore, in the aftermath of the Tripartite Committee tour, Damascus has been reminding all concerned—through the media—that it will not in any case accept any bid to amend or even clarify the al-Ta'if Conference decisions. If the expectations are correct that say that the Tripartite Committee has decided to discuss with Damascus, at the beginning of the new year, the possibility of working to "find a new clarification of the role of Syrian forces in Lebanon," that would mean that Gen. 'Aoun

has been able, by means of his sticking to Ba'abada Palace, to return the ball to the Syrian capital's court.

The private, closely held information about the nature of the Tripartite Committee's mission to Paris, includes the following points:

The committee is not carrying any offer, idea, or proposal to amend the al-Ta'if Agreement.

There is no change in the given fact that President Elias al-Hirawi is the sole and only representative of Lebanese legitimacy.

Change is possible within the framework of details. On this basis, the Tripartite Committee proposes to work within the context of persuading Gen. 'Aoun that he should personally participate in membership in the existing government, under the premiership of Dr. Salim al-Huss, and that his dubious demands for Lebanese leadership be transferred under the umbrella of legitimacy, or that Gen. 'Aoun accept being represented by two ministers of his choosing.

Getting Gen. 'Aoun out of Ba'abada Palace, so that President al-Hirawi can go in, is a matter of urgent necessity. In exchange for that, the Tripartite Committee pledged to the French government, and every other party connected with this matter, the following three points:

1) That the government of Prime Minister al-Huss will be expanded, so that it can be representative of a parallel and secure reconciliation.

2) That this government will hold a meeting, after expansion and after Gen. 'Aoun is removed from Ba'abada, in which it will decide to demand that the Syrian government withdraw its forces from certain areas, in accordance with provisions of the al-Ta'if Agreement with regard to the matter of withdrawals.

3) That Syria will withdraw its forces from these areas one week after the first meeting of the expanded government.

The Tripartite Committee noted the presence of duality in the French position of publicly supporting the al-Ta'if Agreement, and the effects that it has so far had, (the elections of the bureau of the speaker of the Chamber of Deputies and the staff of that bureau, the election of the president of the republic, and the formation of the government), and France's tacit prevention of implementation of the agreement, with regard to facilitating the move of the president of the republic to Ba'abada Palace, and the removal or ouster of Gen. 'Aoun from the presidential palace.

As a result of that, the committee asked the French government to assist in carrying out the agreement on the spot, using all available diplomatic or nondiplomatic means, when necessary.

The committee felt that Gen. 'Aoun's remaining in his present place, apart from his rejection of surrendering

Ba'abada Palace to the legitimate president, would constitute—in the medium term—a partitional situation.

This partitional situation carries the danger of spreading into the Arab world.

The Arab committee, by reason of its complete conviction with regard to this situation, calls for the reunification of Lebanon by force.

The French response to the Arab committee's proposals included the following points:

The implementation requested from the French government was obtained as follows:

1) Recognition of the continuing legitimacy of the Lebanese Chamber of Deputies, after Gen. 'Aoun dissolved the Chamber of Deputies, in accordance with a defective constitutional decree;

2) Recognition of the election of the staff of the bureau of the Chamber of Deputies;

3) Recognition of the legitimacy of the first election of the president of the republic (Rene Mu'awad);

4) Recognition of the legitimacy of the second election of the president of the republic (President Elias al-Hirawi); and,

5) Severing of official diplomatic contacts with Gen. 'Aoun, and ending any consideration of him as head of the constitutional government in Lebanon.

The Tripartite Committee asked the French government to take on the role of causing Gen. 'Aoun to leave Ba'abada Palace, but without offering any negotiating latitude that would enable the French government to carry out this role.

The French government was unable to negotiate with Gen. 'Aoun on the basis of participation or nonparticipation in government, "after we informed Paris, as the rest of the capitals had been advised, of Gen. 'Aoun's refusal to participate on the basis of the al-Ta'if Agreement."

As a result of that, the French government was unable to negotiate with Gen. 'Aoun, outside the framework of his basic demands pertaining to the article of sovereignty in the agreement.

The French government understood that the mission of the Tripartite Committee included two basic matters:

1) To close the door on any changes to the al-Ta'if Agreement; and,

2) To refuse to agree to the creation of any mechanism to apply the article of national sovereignty contained in that agreement.

The French government will not change its position with regard to its support for the al-Ta'if Agreement, but it stresses the following:

1) The al-Ta'if Agreement is basically a design for peace and the beginning of reconciliation among the Lebanese; it is not a plan for a new war.

2) The French government is determined to prevent the application of the agreement by force.

3) The use of military force against Gen. 'Aoun and the inhabitants of the East Beirut area is a red line, and must not be crossed.

4) The French government opposes the removal of Gen. 'Aoun, who represents a strong, popular movement, which is not unknown to the Tripartite Committee, but whose existence it has not wanted to recognize. That is gratuitous, without accomplishing anything within the framework of his proposals and demands.

5) The French government will resist, with all means at its disposal, all attempts aimed at partitioning Lebanon.

The details of the events in Paris were relayed to the Vatican at the appropriate time, and the meeting of the members of the Arab committee with his holiness, the Pope, was postponed. During its meeting with the head of the Italian government, a few hours before its postponed meeting with the Pope, the Arab committee was informed of the Vatican's position, as follows:

As long as the Tripartite Committee has no specific proposal to amend the al-Ta'if Agreement, and is only trying to obtain support to apply the mechanism of the al-Ta'if Agreement as is, it would be preferable for the committee to discuss this mechanism with the Vatican secretary of state, Cardinal Casaroli, and not with the Pope.

The Vatican encourages dialogue or any initiative for a sound national reconciliation. However, it rejects imposing the al-Ta'if Agreement on a faction that does not want it. The Christians—who cannot be ignored—are the ones who reject the agreement.

The policy that the Apostolic See expects to be employed in the foreseeable future is based on changing the equation, which the al-Ta'if Agreement imposes on Lebanon, even if that matter requires running counter to American planning in that regard, just as it opposed the communist system in Eastern Europe.

The Vatican categorically rejects the use of military means to implement the al-Ta'if Agreement, no matter what the source of those means. This position has been conveyed to world capitals and certain regional forces. This position stems from the Apostolic See's opposition to the use of force in any part of the world.

The Apostolic See rejects the statements being issued by international and regional authorities, which consider the eastern zone to be outside the law:

1) Most Lebanese territory, since 1975, has been under the burden of foreign military rule.

2) No international or regional quarter has ventured to call for the use of military force—by any quarter—to restore stability and freedom to these areas.

3) All the positions of more than one head of state or high official clearly mention the lax security in the Lebanese areas inflicted with occupation or foreign military presence.

4) The Apostolic See welcomes, or rather, strongly supports all efforts aimed at developing and strengthening the possibilities of coexistence between the Lebanese communities, and it pledges always to keep Lebanon a model country for all peoples. Accordingly, the Apostolic See is not opposed, or rather, welcomes the corrective effort with regard to the al-Ta'if Agreement, because it opens the way for the development of means and possibilities for coexistence, despite the fact that this correction is "unbalanced."

5) The Apostolic See opposes the ambiguity of the article of sovereignty pertaining to the withdrawals. One of the points of ambiguity lies in the refusal to schedule these withdrawals.

6) It should be noted that Syria, which is a basic factor in the agreement without being committed by it in terms of membership, clearly refuses to be obligated to implement the withdrawals, which are considered an element to determine and confirm the beginning of the solution to the Lebanese crisis.

7) The Apostolic See has by no means recognized the legitimacy of the election of the late Rene Mu'awwad as president of the republic and rejects any such interpretation. The nonrecognition was clear in the telegram of condolence sent by the Apostolic See on the death of Mu'awwad. The translation into Arabic was mistaken, and the text read "His Excellency the President" Rene Mu'awwad, instead of "Mr." Rene Mu'awwad. Moreover, the Apostolic See has not recognized the legitimacy of the election of Mr. Elias al-Hirawi.

8) So far, no official instructions have been issued to Ambassador al-Babawi in Lebanon to present his credentials to Mr. Elias al-Hirawi. This should not be considered a political stand, as the result of a conviction that the two existing authorities, a de facto government emanating from the al-Ta'if Agreement, and the constitutional government that has been in being since the end of ex-president Amin Gemayel's rule, both represent one entity in the view of the Apostolic See, which desires to retain a relationship with the two sides, until such time as the errors are corrected and the circumstances rectified.

9) The Apostolic See calls for a second, rational reading of the al-Ta'if Agreement, in a search for a formula, a way out, that will achieve the demands of all sides, and to confirm good intentions with regard to implementation. The Apostolic See is preparing a group of formulae in this regard, to be submitted to the concerned parties.

10) The Apostolic See understands the Supreme Arab Committee's insistence that the foreign ministers of its nations discuss this matter with His Holiness the Pope directly, and the holding of such a meeting is still on the Vatican's agenda. The Vatican urges that the ministerial committee have a proposal to facilitate opening negotiations over the article of sovereignty with regard to the schedule of withdrawals.

11) The Vatican's position was conveyed to Washington through consultations that preceded the Arab ministerial committee's tour of capitals. In these consultations, the United States agreed to four points submitted by the Apostolic See:

1. It is necessary to continue political dialogue to find an acceptable way out.

2. The Chamber of Deputies, which was assigned the task of the al-Ta'if Agreement, has not regained its role lost during the war years as a result of radical changes in domestic conditions. Or rather, the nature of foreign positions was what forced the Chamber of Deputies to create an agreement like the al-Ta'if Agreement.

3. The emergence of a strong current opposed to the al-Ta'if Agreement in the East Beirut areas is dispersing the reconciliation which is considered a fundamental condition for settlement in Lebanon, of whatever type. Therefore, implementation of the al-Ta'if Agreement, even by peaceful means, as is and without change, would divest coexistence of its free nature, and would smash the equilibrium between the spiritual communities, creating a situation of victor and vanquished.

4. Implementation of the al-Ta'if Agreement by force, apart from negating the agreement itself—by virtue of its being a peace agreement—would call for the emergence of another Lebanon, which would not be the Lebanon of today, and would bring about another agreement calling for the reinforcement of the Syrian military presence, instead of its reduction as a prelude to withdrawing the rest of the non-Lebanese forces from Lebanon.

Within this framework, the American administration stated that it has tasked John Kelly, the assistant secretary of state for Middle East affairs, to prepare a formula for a political way out of the al-Ta'if Agreement. Washington has advised Damascus that it has suspended its final position regarding the question of continuing to attempt to implement the al-Ta'if Agreement, until such time as Kelly's job is done, and also until the accomplishment of the three steps that Washington still waits for Syria to take. Those steps are:

1) Resolve the problem of the foreign hostages being detained in Lebanon;

2) Remove the Iranians from Lebanon, or at least arrest the fundamentalists among them; and,

3) "Rein in" the Palestinian activity emanating from Lebanon.

On the other hand, the American administration also made it clear that it has warned President Elias al-Hirawi, as well as Prime Minister al-Huss' government, about the consequences of making any decision to invite Syria to help implement the al-Ta'if Agreement by military force. It stressed the necessity of avoiding the provision contained in the al-Ta'if Agreement in this regard, which permits the Lebanese authorities to ask for the assistance of allied forces when necessary.

## SAUDI ARABIA

### Commander of King Khalid Military College Promoted

44000236 London *AL-MAJALLAH*  
in Arabic 20 Feb 90 p 90

[Excerpt] The custodian of the two holy mosques, King Fahd Bin-'Abd-al-'Aziz issued a royal decree promoting the commander of the King Khalid Military College, Prince Mut'ib Bin-'Abdallah Bin-'Abd-al-'Aziz, from the rank of staff brigadier general to that of staff major general. [passage omitted]

## TUNISIA

### Ennahdha Representative Discusses New Paper

90OA0280A Tunis *REALITES*  
in Arabic 12-18 Jan 90 pp 10-11

[Interview with Hammadi Jebali, member of Ennahdha's Political Office: "AL-FAJR: Ennahdha's Newspaper or Tacit Recognition?"; first three paragraphs are *REALITES* introduction; date and place not given]

[Text] On Tuesday, January 9, 1990, Hammadi Jebali received final notification from the Ministry of Interior approving the publication of the weekly newspaper AL-FAJR, which will be published every Saturday in Arabic, English, and French.

As important as this event is, the timeframe in which it occurs also has a special importance. There is a political and social situation that now prevails, which suggests an impasse on the horizon, impeding the processes of dialogue. Perhaps, in the approval to publish AL-FAJR, there is an omen of change with regard to a readiness for a new climate of trust, in order to build a new, gentler Tunisia for all its people, in an atmosphere of love, civility, progress, and democracy, to share in civil and cultural development, in association with political reality and recognition of all its components, without extremism.

As an impetus for this dialogue and for democratic traditions in civilized intercourse, *REALITES* conducted a special interview with Hammadi Jebali, a member of the Political Bureau of the as yet unauthorized Ennahdha movement. The interview centered especially around what may occur after the approval to

publish AL-FAJR, in terms of changes in assessments, and the nature of the relationship with the Supreme Council of the National Charter, along with the political meaning of the permission to publish AL-FAJR. Accordingly, we opened this dialogue as a window to proclaim a new event announcing a social movement that is gradually becoming clearer.

[REALITES] Recently, pessimistic assessments by Ennahdha and other opposition movements about the course of relations with the authorities have subsided. Will the approval to publish AL-FAJR cause a change with regard to this course?

[al-Jebali] We estimate that granting permission to the newspaper, a step for which we have worked hard, will be in the best interests of democracy and freedom in our country. Accordingly, it will be a voice expressing the hopes of our people with regard to building a society of truth, justice, and freedom. We will also strive to make it a forum for free and honest dialogue with all parties, so that we may share for our part in bringing about the language of reason and dialogue, instead of negativism and extremism.

[REALITES] We were told that Nur al-Din al-Buhayri refused to attend the Supreme Council of the National Charter. With the approval to publish AL-FAJR, will he attend the council?

[al-Jebali] I do not think that there is a causative relationship between granting us the newspaper license and our attending or not attending the Supreme Council of the National Charter. Therefore, the issue of our attending or not is defined by other considerations. One of the most important considerations is the creation of psychological and political circumstances in the country in general, and between us and the government in particular. One of the most important of these circumstances is clarifying the viewpoint with regard to dealing with our movement as a political and cultural reality in the country. As for whether it was intended, by granting us the newspaper license, that this newspaper is a part of preparing these circumstances, we hope that that is the case.

[REALITES] There are some who believe that AL-FAJR is a civil action to safeguard the structure of the National Charter and to balance it. What is your comment on this idea?

[al-Jebali] We believe that safeguarding the National Charter necessarily requires earnest intercourse with all parties, that is, to consider all parties equal in rights and obligations, and for all of those parties to strive earnestly for the best interests of the country. Consequently, this would open the way for them, without restriction or condition, to express their views and opinions about a way out of the crisis, and make this charter an element of progress and harmony, not of divisiveness and extremism.

[REALITES] Specifically, what do you mean by crisis?

[al-Jebali] By crisis, we mean first, the crisis of trust, as well as an image crisis in dealing with the country's real

problems. One of the most important of these problems is establishing irrevocable freedoms, establishing true plurality in the country, raising the hegemony of constitutional assembly over the institutions of the state, and liberating the media from control and darkness. This is what the crisis means politically. The crisis also has social, economic, and cultural aspects, which must be subjected to national dialogue, after a suitable political climate has been prepared.

[REALITES] In your opinion, is the newspaper a step toward new reassurances for the Ennahdha movement, in the direction of validating the party, for instance?

[al-Jebali] I don't want to talk about reassurances; I would not want that to be behind this step, which has been taken by the government, because reassurances, as I understand it, suggests rewarding deals for circumstantial cases. What I would like is, first, that AL-FAJR be allowed freedom of expression and opinion, in an atmosphere of law, which by the very nature of this case, would enable it to carry out its national role. In this way, it would in fact be a step to be followed by another, for us and for others, in laying the foundation of freedoms and plurality and, most importantly, lift the blockade and restrictions on our movement as oppositionists, so that the movement can enjoy its right to a legal presence as soon as possible.

[REALITES] Have you set a date for the first issue?

[al-Jebali] We will try, because it should be as soon as possible, after the administrative and technical conditions are prepared.

[REALITES] Can we have a preview of the first subjects and items you will feature in the first edition of AL-FAJR?

[al-Jebali] The newspaper will have many pivotal points. One of the most important will be the question of freedoms, plurality, and democracy, between hope and reality. We will try to be a forum for dialogue, encompassing all views and theses. We shall also pay attention to the issues of the day, such as the National Charter and our concept of its progress, social and economic issues, youth issues, and other matters that touch upon Maghrebi and Arab unity, and relations with the latter. We shall also deal with the Palestine issue, which will be a pivotal issue in our newspaper, as well as our people's preoccupations in the country, among those who are suffering privation and oppression. In addition, AL-FAJR will be a forum for activist ideas, positions and viewpoints with regard to the movement and its membership, without being immersed in strict partisanship or wedded to just one viewpoint.

[REALITES] What is the nature of the readership toward whom your newspaper will be directed?

[al-Jebali] It will be directed at all our people, intellectuals, youth and workers. We will try to aim at all these people and work with them all.

**BANGLADESH****Report on Ershad's 30 Jan Speech to UN**  
46001268 Dhaka *THE NEW NATION*  
in English 31 Jan 90 pp 1, 8

[Excerpt] New York, Jan 30 (BSS)—President Ershad today stressed that the least developed countries (LDCs) must be brought back to the mainstream of the global economy.

The United Nations and the world community have a central role in this respect, the President said while making a statement at a meeting of the Group of 77 of the whole at the Trusteeship Council Hall at the United Nations headquarters here. [sentence as published]

He said within the developing world, the poorest of the global poor lived in the LDCs and added that their condition calls out for the world's concentrated attention and fullest support.

President Ershad suggested that for the 1990's we must be motivated by a two-fold aspiration to halt further deterioration of already precarious socio-economic situation of the LDCs and secondly to put these countries back on the path of sustained development.

Reactivation of growth and development in the LDCs would entail actions aimed at both their short-term and long-term requirements, he said.

In the short run, the goal should be to rehabilitate and reconstruct their economies and to meet the challenge of poverty alleviation, the President said, adding in the long run, the structural transformation of these economies must be attempted.

The President emphasised that the overall trend of present resource flows to the LDCs would have to be significantly improved if they were to be put back on the path of sustained development.

The theme of the speech was "reactivation of economic development of developing countries with particular reference to the LDC."

Presided over by the Chairman of the Group of 77, Mr Erwin Ortiv of Bolivia, the meeting was attended by the member countries as well as by a large number of non-member western nations who listened to President Ershad with rapt attention.

President Ershad pointed out that there was an obvious need for ODA [Official Development Assistance] to move toward the agreed target of 0.15 percent of the donor's GNP [gross national product], or the alternate target of doubling ODA where this had already not been done.

He said in view of the inadequate flow of resources to LDCs donors should consider doubling the present level of ODA in the next five years.

The President said as a long-term effort they should aim at revising the target to 0.20 percent of their GNP as ODA to LDCs and added conscious efforts should also be made to simplify aid modalities and to enhance the effectiveness of aid.

President Ershad said there was no doubt that the problems of the LDCs were acute and added they were too fundamental, too serious and too numerous to be left to disparate and isolated action. What is required is a comprehensive and coordinated approach that would address the problem in totality.

He expressed the hope that the second UN conference on LDCs would provide a mechanism adequate for the purpose.

The Bangladesh leader proposed that at the national level actions by the LDCs would need to be directed towards a number of critical areas like alleviation of poverty, mobilization of the human resources, modernization and diversification of economic base, substantial strengthening of physical and institutional infrastructure, accelerated development of agriculture and manufacturing sectors, promotion of the service sector, measures for environment protection and strengthening activities in the social sectors including education, health, children's development, nutrition and population planning. He said with a view to attaining these objectives existing institutions must be reinforced and new and effective mechanism be devised to ensure greater success. These efforts would doubtless be a daunting task and would need to be underwritten by adequate and timely measures by the international community the President said.

On conclusion the meeting applauded the President for his remarkable and thought provoking speech.

The Chairman of the Group of 77 thanked President Ershad for his speech pinpointing the problems of the developing countries especially the LDCs. [passage omitted]

**Agreement on Fourth Plan, Begins in July**  
46001272 Dhaka *THE BANGLADESH OBSERVER*  
in English 21 Jan 90 pp 1, 10

[Text] A high-level meeting with President Hussain Muhammad Ershad in the chair on Saturday reviewed the progress of the Preparation of the Fourth Five-Year Plan, commencing July this year, reports BSS.

The meeting in principle agreed to the proposed size of the plan, having a total outlay of Taka 67,230 crore. Originally the size of the plan was estimated at Taka 64,500 crore but it had gone up with the inclusion of the Jamuna Bridge project.

Of the total outlay 52 per cent would be funded from external resources while the balance would be mobilised from the domestic resources.

It was further agreed that private sector would be allowed to play a greater role during the plan period, compared to the third Five-year Plan period.

The meeting also laid emphasis on mobilisation of domestic resources for funding the development programmes.

It also reviewed plan of 1988-89 fiscal year.

Vice-President Moudud Ahmed, Prime Minister Kazi Zafar Ahmed, Planning Minister A.K. Khandker, Agriculture Minister M.A. Munem, Finance Minister Dr Wahidul Huq and LGRD [Local Government and Rural Development] Minister Nazzir Rahman attended the meeting.

Principal Secretary to the President A.H. Sadique, Cabinet Secretary M.K. Anwar, other concerned secretaries and members of the Planning Commission also attended the meeting, held at the International Conference Centre.

Making his remarks at the meeting President Ershad noted that despite natural calamities and other unfavourable conditions development programmes were uninterrupted during 1988-89. He said during the year the entire allocation under the ADP [Annual Development Program] was spent.

The President said the rate of spending during the period was five percent, more than the previous year and added that this reflected the firm commitment of the Government to carrying out development activities.

President Ershad noted that performance would have been better if the implementation of the projects were closely monitored and said the projects, which had not given the expected return, should be closely scrutinised.

He stressed attaching priority to alleviation of poverty and important projects like distribution of HYV [High Yielding Variety] seeds, expansion of irrigation network, production of fertilizer, supply of power to agriculture sector, family planning and health programmes and mass literacy programmes.

President Ershad gave the directive for taking appropriate step to implement the various development projects under different ministries.

The President also gave the instruction for use of computer by the various ministries for monitoring and implementation of the development projects.

He also directed the concerned authorities for examining the issue of unutilised and surplus fund available with the various sector corporations and taking steps for utilisation of the amount for other priority sectors.

Giving stress on recruiting efficient and competent project directors, President Ershad said if necessary, recruitment policy should be changed in this regard.

### Parliament Passes Bill on Local Elections

46001273 Dhaka *THE BANGLADESH OBSERVER*  
in English 24 Jan 90 pp 1, 10

[Text] The Jatiya Sangsad on Tuesday the Local Government (Upazila Parishad and Upazila Administration Reorganisation) (amendment) Bill, 1990 reports BSS.

The Bill sought to readjust the boundary of the upazils, fix the tenure of Upazila Parishad and bars the chairmen of Pourashava and Union Parishad to contest the Upazila Chairman election.

It also provided extension of time from 90 days to 120 days for holding upazila election prior to the expiry of its term and also fix the tenure of office of the elected chairmen and nominated members for the interim period.

Before the bill was passed, Mr Shahjahan Siraj, along with Mr A Matin Miah, a member of JSD [Jatiya Samajatantrik Dal (Nationalist Socialist Party)] Siraj group, staged a walk-out in protest. A total of 14 opposition members moved amendments for sending the Bill to elicit public opinion or to send the bill to Standing Committee. All the amendments were however, rejected by the House.

Piloting the Bill, Local Government Minister Nazzir Rahman said the amendments proposed in the Bill seeks to make upazila system more democratic. He said this government which had introduced upazila system ushering in a new era in rural Bangladesh can not be a party to its destruction, as has been alleged by opposition members.

About the demand for resignation of Upazila Chairmen before election, Mr Nazzir Rahman said nowhere in the world people in power have resigned before election. He thanked the opposition members for their participation in the discussion on the Bill and their concern expressed for the good of the upazilas.

The proposed legislation sought to replace "Chairman" with "Parishad" with other provisions containing in it.

It also sought to readjust the boundary and bars the chairmen of Pourashavas and Union Parishads to contest the upazila chairmen elections.

The Minister-in-Charge of the Bill defended it as usual, but unlike on other occasions A.S.M. Rab supported the legislation saying "President Ershad would be remembered by the nation even after his death for evolving a system of decentralisation."

A leading member of the opposition, Shahjahan Siraj, however, alleged that the Bill had been brought to foil the commitment and declaration of President Ershad holding the coming upazila election "completely free and fair."

**Panel To Free Parliament From Judicial Interference**

46001269 Dhaka **THE BANGLADESH OBSERVER**  
in English 26 Jan 90 pp 1, 10

[Text] The Parliament on Thursday unanimously set up a 23-member committee to propose to the house measures to protect the Parliament's sovereignty and to recommend to the President necessary steps in this respect, reports BSS.

The Prime Minister Kazi Zafar Ahmed at the end of an hour-long speech on an adjournment motion, proposed the Parliamentary committee for suggesting measures to keep the Parliament's law-making authority unimpaired and uninterrupted.

He also proposed that the Committee, to be headed by himself, would also make recommendation to the head of the state and chief executive for necessary measures.

The Leader of the House Kazi Zafar Ahmed was speaking on the adjournment motion moved by the Opposition Chief Whip Nur Alam Ziku on the situation arising from agitation demanding permanent High Court benches outside Dhaka. Over a dozen speakers from both sides of the House spoke on the motion including Deputy Prime Minister Shah Moazzem Hossain, Opposition leader A. S. M. Abdur Rab and a number of Ministers.

The House discussed the motion in three sittings in two days suspending the relevant rule of the Rules of Procedure that restricts the debate on adjournment motions to two hours.

The departure from the usual two-hour limit was made by the House at the instance of the Prime Minister. The Speaker Shamsul Huda Chowdhury also endorsed the extended debate on the motion considering the importance of the issue.

The speakers, who included Ministers and other members from both sides, speaking on the adjournment motion defended the Parliament's sovereignty in amending the country's Constitution and its law-making power, asserting that such powers of the House must be free from judicial interference.

Some of the speakers who also included a few Ministers asserted that Jatiya Sangsad symbolised the will of the people and that the will of the people was supreme in law-making power. They argued that parliamentary authority representing the will of the people would be undermined if it was curfew by the judgement of the Supreme Court.

They said any law passed by Parliament could be reviewed by Parliament itself and the Supreme Court could only refer back to the House any law it might consider improper.

**"Constitution Can't Be Challenged"**

Another report says: The Leader of the House Prime Minister Kazi Zafar Ahmed said any amendment brought to the Constitution by Jatiya Sangsad became a part of it (Constitution) and for that the Constitution could not be challenged.

The Prime Minister maintained that Jatiya Sangsad had unlimited powers and it can bring about any amendment to the Constitution.

He was speaking on the adjournment motion by opposition Chief Whip Nur Alam Ziku in the Sangsad on Wednesday on the situation sparked off by agitation and hunger strike at various places, to press home the demand for establishment of permanent High Court benches in different parts of the country.

Quoting various sources and citing examples, he said as a supreme law making body and as representing the will of the people the Jatiya Sangsad could bring about fundamental changes to the Constitution in deference to the will of the people. In this connection, he pointed out that as arbiter of people's will the Jatiya Sangsad was the highest court.

Referring to the judgement of the court on the Eighth Amendment, he said we could demand legal review for the redressal of the infringement of the sovereignty of Jatiya Sangsad. But we did not go that way because we did not want legal complications, he said.

The Prime Minister proposed the formation of a 23-member committee to suggest measures to protect the sovereignty of Jatiya Sangsad recommend to the President necessary steps in this respect. [sentence as published] The proposal was later unanimously adopted by the Sangsad.

He said Bangladesh Jatiya Sangsad had sovereign and absolute powers. The Constitution had clearly mentioned that the Jatiya Sangsad elected by the direct vote of the people had law making powers. In this context, he referred to Article 65 of the Constitution.

The Prime Minister said it was an axiomatic truth that people are the source of all powers. The hopes and aspirations of the people were implemented through Parliament formed with their elected representatives, he said.

He further said since Parliament is the symbol of the collective wisdom of the people it is the source of power on behalf of the peoples.

**Examples Cited**

The Prime Minister referred to the constitutions of different countries of the world including the U.S.A., UK, and India and their law-making powers. He quoted late Pakistan Prime Minister Hussain Shahid Suhrawardy as having said in the constituent assembly in 1956 that "the Constitution is the embodiment of the rule of

law, the embodiment of the will of the people". Quoting the first Prime Minister of India, late Jawaharlal Nehru, he said, "a Constitution to be living must be growing, must be adaptable, must be flexible, must be changeable".

Kazi Zafar Ahmed said society is neither stagnant nor static. Society of society changes with the changes of time, circumstances and situation. Otherwise, the society cannot move forward, he said adding Constitution needs to be tailored to suit the changing circumstances of the society.

The Prime Minister, in his hour-long speech, referred to the powers of Parliament in France, the U.S.A., Sri Lanka and India to change the Constitution. Though the Constitution of the United States of America is comparatively rigid, about 24 amendments were effected during the past 200 years, he said.

He also spoke on the unlimited powers of the Indian Parliament in changing the Constitution. The framers of our Constitution also realised that changes to it would be indispensable with the change of time. The framers incorporated Article 142 to the Constitution so that reforms could be brought about with the need and demand of time. This particular Article had given full powers to the Sangsad to bring about any change to any Article or clause of the Constitution.

The Jatiya Sangsad today unanimously adopted a resolution moved by Prime Minister and Leader of the House Kazi Zafar Ahmed to form a 23-member committee to propose to the house measures to protect Parliament's sovereignty unimpaired and uninterrupted and to recommend to the President necessary steps in this respect.

#### Committee Members

The members of the committee are: Kazi Zafar Ahmed, Shah Moazzem Hossain, Sirajul Hossain Khan, Anwar Hossain, Mahbubur Rahman, M. Naziur Rahman Meah, M. A. Sattar (Chief Whip), Nitai Roy Chowdhury, Ehsan Ali Khan, Nur Alam Ziku, Advocate Shamsul Huda, Shahjahan Siraj, Major (Retd) Bazlul Huda, Nurul Islam Moni, Major (Retd) Asgar Ali Khan, Mofizur Rahman Rokan, M. A. Gofran, Mohammad Shahjahan, Noor Uddin and Wali Ashraf.

The Prime Minister moved the resolution after two days of discussions on an adjournment motion moved by Mr. Nur Alam Ziku.

#### Paper Notes Hardships, Workload of Supreme Court

46001271 Dhaka *THE BANGLADESH OBSERVER*  
in English 20 Jan 90 p 10

[Article by Supreme Court Correspondent]

[Text] The Supreme Court carries the load of approximately 30,000 cases on its archives. The cases have

accumulated during the post 1982 period, when the Benches were kept outside Dhaka without logistic support of adequate number of judges and other requirements. The strength of the judges of the High Court Division is reduced to 27 on recent elevation of two judges from the High Court Division. The working strength is in fact 25 as two of them do not sit in the High Court Division.

The Permanent Benches outside Dhaka were declared ultra vires on 2 September 1989 followed by the long vacation of the Supreme Court from 3 September to 20 October. On re-opening all the judges sat at the permanent seat of the Supreme Court in Dhaka. The Supreme Court got its lost vibration.

In the first week of December 1989 judges went outside Dhaka to hold sessions according to the Constitutional requirement (Art 100) and the guidelines in the 8th Amendment Judgement. In Dhaka remains 15 judges from 1 December till 12 December. On 13 December, 23 judges presided over the Benches in Dhaka. On 14 December the Benches were presided by 24 judges. The Supreme Court went on winter vacation on 15 December. It re-opened on 2 January, when 24 judges presided over the Benches at the permanent seat of the Supreme Court in Dhaka. This remained the position till 11 January. The Judges are now holding sessions at Barisal, Chittagong, Comilla, Jessore and Sylhet. The Benches in Dhaka (the permanent seat of the Supreme Court) are now being presided over by 10 judges.

Before elevation of Justice Mustafa Kamal on 1 December and Justice Latifur Rahman on 15 January to the Appellate Division of the Supreme Court, the actual strength of the judges in High Court Division was 27.

To meet the constitutional requirement of holding sessions outside Dhaka there must be logistic support of not only administrative in nature but of adequate number of judges albeit they must be capable. Unless the number of judges are increased in due course of time, there is strong opinion among the members of the litigants to keep all the judges at the permanent seat of the Supreme Court in Dhaka. This would help in disposal of great number of cases in much better environment with all logistic support. There are adequate numbers of the rooms lying vacant in the Supreme Court building for accommodation of the judges to preside over the Benches.

The lawyers, this correspondent has gathered, holds the view that if all the judges are kept in Dhaka for longer period unless the extreme necessity arises to send the judges outside, the disposal of the cases would be much higher.

As pointed out by the Chief Justice, Mr Shahabuddin Ahmed in reply to the address of felicitation on 16 January, the recruitment of judges in the Supreme Court and in the subordinate judiciary has become a problem; inadequate pay and privileges is one of the obstacles to selection of right persons.

The judges of the Superior Court in any event must be kept free from all possible worries. The accommodation is not readily available. Many of the judges have not yet been provided with Government accommodations. The capable persons in the Bar are reluctant to join the Bench for inadequate pay, lack of Government accommodation, transport and inadequate pension. Salary of a judge of High Court Div. is at present Taka 8,000/- per month with Taka 6,000/- for house accommodation in absence of Government accommodation. It is not possible to get proper residential house on rental of Taka 6,000/-. In case of Government accommodation, the Government provides all facilities. On their retirement the judges cannot plead or act before any court or authority or hold any office of profit in the service of the Republic. They are to depend on the poor amount of pension. It would be in the interest of the nation that judiciary should be treated on a different line than the other public servant of other department, it is felt, to keep the judiciary independent.

#### **Bangladesh-Libyan Friendship Association Formed**

*46001270 Dhaka THE NEW NATION in English 31 Jan 90 p 3*

[Text] The Bangladesh-Libya Friendship Association was formed with Mr H.K. Abdul Hye, advocate Supreme Court as President at a recent meeting in the capital city.

The association, according to a press release, was formed to promote brotherly relation between the two Muslim countries and contribute towards Muslim umma.

Besides office-bearers, a 15 member Executive Committee was also elected at the meeting held at the Supreme Court Bar Association building.

The elected office-bearers and members are President Mr H.K. Abdul Hye, Vice-Presidents-Principal Md Nur Hussain, Mr Gulshan Abdul Hai, Mr Amir Hossain Khoadkar, Mr Abul Qasem, Mrs Maleka Parveen, and Dr Anisur Rahman, Secretary General Mr Ibrahim Khalil, Joint Secretary-general Mrs Ulfat Ara Ayesha Khanam and Mr Abdur Rahman, Publicity and Publication Secretary Mr Azizul Haque, Joint Secretaries (Publicity and Publication) Mr Md Maksudur Rahman Choudhury and Mr Zahirul Alam, and Treasurer Mr Md Abdul Hai Sarkar. Fifteen members are: Mr M.A. Jalil, Alhaj Md Habibur Rahman Mia, Mr Abdullah Barakat, Mr M.A. Sattar, Mr Md Azizullah Bhuiyan, Mr Habibur Rahman, Mr Najmul Hasan, Mr Rawshan Ali, Mrs Suraiya Begum, Mr Md Azhar Zafar Shah, Mr Abdul Mannan Bhuiyan, Mr Muhammad Rafiqul Islam, Principal Md Noab Ali and Syed Abul Mokarrum.

#### **Papers Report Activities of Bangladesh Communists**

##### **CPB Rally**

*46001274 Dhaka THE BANGLADESH OBSERVER in English 29 Jan 90 pp 1, 10*

[Text] Communist Party of Bangladesh (CPB) on Sunday gave a call for unity of the democratic forces including BNP [Bangladesh Nationalist Party] and Awami League on a minimum programme to intensify the movement to help establish people's government. The party also favoured resisting the autocratic government through fielding combined opposition candidates in the ensuing Upazila polls.

This call was given from a big rally of CPB held at the Bangabandhu Avenue on completion of their three-week long "Padajatra" (long march), which began on 5 January. The participants in the Padajatra marched towards the meeting venue with the beating of drums simultaneously from the country's four divisions.

Presided over by Saifuddin Ahmed Manik, General Secretary of CPB, the rally was also addressed among others by Messrs Morshed Ali, Shamuddoha, Mujahedul Islam Selim, Shahidullah Chowdhury, Nuh Alam Lenin, Nurul Islam and Jashimuddin Mondal. Mr Manik said if we cannot unite the opposition forces, CPB would move ahead with its movement programme alone. Regarding opposition's participation in Upazila polls, the General Secretary of CPB said, "if we fail to seize the opportunity the foundation of the autocratic government will become stronger."

Mr Manik said that boycott of Upazila polls would mean a walk over to the government. The people would have to struggle hard to restore their right to vote freely, he said.

The CPB General Secretary was bitterly critical of the Government for what he said all pervasive corruptions and deteriorating law and order situation in the country. Replying to Government's accounts of economic loss due to hartal programme, he said that the Government was responsible for creating situation for hartal. Hartal call is given to restore lost rights, he said.

Mr Manik in an oblique reference to Awami League said that movement was no body's sole agency. He demanded dissolution of the present parliament and holding of free and fair polls under a neutral Government.

Mr Manik said that there could be free and frank exchange of views with other opposition parties on the system of government including repeal of Special Powers Act of 1974 etc.

##### **Political Party of Working Class**

Turning to the change in the socialist countries, Mr Manik said that as there were problems, so such changes were inevitable. There are problems also in the capitalist

society, he added. CPB would continue to exist as a political party of the working class and oppressed people, he said.

Mr Shamsuddoha said there was need for narrowing down differences of opinion between Awami League chief Sheikh Hasina and BNP Chief Begum Khaleda Zia in greater national interest for the restoration of the people's democratic rights. Had there been trial of the killing of Sheikh Mujib, the assassination of Zia could have been avoided, he viewed. Sheikh Hasina should not feel bad about unearthing the mystery behind the death of Siraj Sikder in custody, he maintained.

#### Dhaka Press Conference

46001274 Dhaka *THE NEW NATION*  
in English 21 Jan 90 pp 1, 8

[Text] CPB [Communist Party of Bangladesh] has demanded immediate resignation of all upazila parishad chairmen to pave the way for free and fair polls.

The demand was raised at a press conference at the party central office in the city yesterday.

CPB leader Nurul Islam told newsmen that his party had decided to take part in the coming upazila election although it was not usually held on party basis. He said they considered the election as part of movement against autocracy and anti democratic forces which have captured different local administrations in the country.

Mr Islam narrated his experience of the 24-day long padajatra (march) launched by his party, which began on 5 January from four corners of the country—Tetulia, Chittagong, Sylhet and Khulna and will end in the capital on 28 January with a 'grand rally' at the Bangabandhu Avenue on the day.

#### Communist League Presidium

46001274 Dhaka *THE BANGLADESH OBSERVER*  
in English 21 Jan 90 p 3

[Text] A three-member Presidium of the city unit of United Communist League was formed Friday at the end of its two-day conference, says UNB.

Enamul Huq Emran was elected President while Mozaffar Hossain and Tareq Hossain members of the Presidium, says a Press release.

Earlier on Thursday, the conference began at the Engineers Institute in preparation for the party's fourth national congress scheduled for next month, the release said.

Comrade Tipu Biswas, addressing the conference as chief guest, called for waging a vigorous struggle for establishing a "people's democratic" Government in the country.

A befitting answer is to be given to "imperialist conspiracies against the socialist countries by strengthening movement on the basis of Marxism-Leninism," Tipu Biswas said.

Presided over by Nurul Hasan, the function was also addressed by Sushanta Das and Chowdhury Giashuddin.

#### INDIA

##### V.P. Singh, Deputy Speak at Rally in Punjab

46001256 Calcutta *THE STATESMAN*  
in English 12 Jan 90 pp 1, 7

[Article by Sanjeev Gaur]

[Text] Ludhiana, Jan 11—Sikh Army personnel who had left their barracks in protest against Operation Bluestar in June 1984 will now be rehabilitated in the public sector. This was announced by Mr Vishwanath Pratap Singh while addressing a well-attended all-party rally here today. Amidst spontaneous applause, the Prime Minister also announced the Government's decision to review all cases of people charged with minor offenses and under detention in different jails of Punjab. Mr V.P. Singh also declared that the Government will institute a judicial probe into the death of Mr Jagdev Singh Khudian, the newly-elected Akali Dal (Mann) M.P.

Like his visit to Amritsar last month immediately after the formation of the National Front Government, Mr V.P. Singh was given a tumultuous welcome in this industrial town of Punjab today. People—both Hindus and Sikhs—in large numbers had assembled on both sides of the road throughout the 30 km route from the Halwara air base to the venue of the rally to welcome the Prime Minister.

The Prime Minister, who was accompanied by senior members of his Cabinet, including the Deputy Prime Minister, Mr Devi Lal, the Home Minister, Mufti Mohammad Sayeed, the External Affairs Minister, Mr Inder Kumar Gujral, the Railway Minister, Mr George Fernandes and the Communications Minister, Mr K.P. Unnikrishnan, took more than one hour to reach the venue of the rally from the Halwara air base.

At the Halwara air base, among others, Mr Simranjit Singh Mann, president of the Akali Dal (Mann) and some other senior leaders of the party received the Prime Minister. Mr Mann offered a "siropa" (robe of honor) to Mr V.P. Singh. The Prime Minister warmly shook hands with Mr Mann.

However, the Akali Dal (Mann) as well as the Congress(I) boycotted today's rally.

More than 30,000 people attended today's rally. A majority of the people at the rally were workers and supporters of different political parties including the two Left parties, the BJP [Bharatiya Janata Party], the two factions of the Akali Dal led by Mr Parkash Singh Badal

and Mr Surjit Singh Barnala and the Bharatiya Kisan Union. The people cheered some speakers and hooted others.

While appreciating the new initiatives taken by the National Front Government to restore peace and normal conditions in Punjab after coming to power, the BJP leader, Mr Atal Behari Vajpayee, pointed out that the situation in Punjab had worsened and squarely blamed the terrorists for "getting a wrong signal from the attitude of the new Government".

While Mr Vajpayee was talking about the terrorist violence in Punjab after the National Front Government assumed power on December 2 last year and reeled off statistics to substantiate his argument, some people sitting in one enclosure near the dais got up to protest and one of them could be heard saying in most angry tone in Punjabi: "Bai jaa, Tu sanu dhamki den aya hain" (Sit down, You have come to threaten us). The BJP leader just mailed and continued virtually in the same tone.

Some security personnel immediately rushed to the enclosure but only to pacify the people who had protested against the comments of Mr Vajpayee.

A section of the audience also did not seem to appreciate the observations of the CPI(M) [Communist Party of India-Marxist] Politburo member, Mr Harkishen Singh Surjeet, who also did not spare the terrorists in his otherwise balanced speech. But at least he was not hooted at. He appreciated the recent statement of the chief of the militant Damdami Taksal asking the militants to get rid off the anti-social elements from their ranks. The Chief of the Damdarai Taksal had condemned killings of innocent people as well as extortions.

But undoubtedly, Mr V.P. Singh was the star attraction at today's rally. The day belonged to him and he also stole the show by making a very emotional speech in Hindustani. The Prime Minister fondly recalled his last visit to Amritsar. He said: "After offering my prayers at the Golden Temple and paying homage at the Jallianwala Bagh, I returned to Delhi with hope. The path may be difficult in Punjab but we shall ultimately achieve our goal of bringing peace in Punjab".

The Prime Minister further observed: "If the people of Punjab are suffering, the whole nation is suffering with them. No sacrifice will be big enough to bring peace in Punjab. When blood is shed in Punjab, the country weeps, the Himalayas weep".

Mr V.P. Singh expressed his gratitude to different political parties for supporting his Government on the basis of principles for the restoration of peace and normal conditions in Punjab. He observed: "We don't have magic to solve the Punjab problem. The magic lies in our hearts. But no person alone can solve the problem. And ultimately the solution to the Punjab problem will be found by the people of Punjab in the green fields of this State with a proud history and in the streets".

Mr V.P. Singh also mentioned various efforts made by the National Front Government to bring peace in the State. He talked about the repealing of the 59th Amendment and the setting up of special courts to try those involved in the anti-Sikh violence in Delhi and other parts of the country in November 1984.

Responding to the demands made by a number of other speakers who spoke before him, the Prime Minister announced that his Government will ensure that all the widows and other victims of the November 1984 anti-Sikh violence are rehabilitated.

Later, he announced that the Sikh Army personnel who had deserted in protest against the Operation Bluestar will be rehabilitated in the public sector. But immediately after this announcement and the other about a judicial inquiry into Mr Khudian's death, the Prime Minister said: "But let us also give peace a chance. We are most hopeful that all problems will be solved".

The Prime Minister also mentioned the killing of Mr Gobind Ram, the senior IPS [Indian Police Service] officer of the Punjab cadre and three other policemen in a powerful bomb explosion at Jalandhar yesterday. He further observed about his Government's philosophy in dealing with the law and order situation in Punjab with the remarks: "We want that no innocent person should be killed and no innocent life should be taken away".

The Prime Minister again got a spontaneous applause when he declared: "Regimes come and go but our Government will not allow any force to divide the hearts of Hindus and Sikhs. In this endeavor, we shall not care sacrificing even our regime and sit on the floor".

Praising the role of Punjab in the field of agriculture, the Prime Minister talked about various plans and schemes of the Government being undertaken to improve the lot of the farmers as well as the farm workers in the country. He also assured that his Government will also give special attention to the problem of unemployment in Punjab.

The Deputy Prime Minister, Mr Devi Lal, took Mr Parkash Singh Badal to task for harping on the acceptance of the controversial Anandpur Sahib resolution. He asked the Akalis to take Hindus along in case they want to fight for the rights of Punjab. Without mentioning terrorists as such, the Deputy Prime Minister said: "Violence in Punjab must stop".

Mr Badal criticized the previous Congress(I) Government. He alleged that successive Governments at the Center since Independence had been discriminating against Punjab. He insisted on the acceptance of the Anandpur Sahib resolution. He said the Congress Governments at the Center did not fulfil the promises made to the Sikh leadership by Gandhiji and Pandit Nehru before Independence. The Akali leader demanded immediate release of Atinderpal Singh, the former chief of the

Khalistan Liberation Organization and the newly-elected Lok Sabha member from Patiala, currently detained in the Tihar Jail.

However, Mr Badal described Mr V.P. Singh as a "gentleman" and appreciated the efforts of the new Government to solve the lingering Punjab problem.

In a brief but balanced speech, Mr Surjit Singh Barnala appreciated the sincerity of the V.P. Singh Government as well as various steps taken by the new Government to restore peace in Punjab.

The Home Minister, Mufti Mohammad Sayeed, traced the history of Punjab. He especially praised the farmers and jawans of Punjab. He stressed that the national Front Government wants to heal the wounds of Punjab by taking "sincere steps to restore peace in Punjab."

The External Affairs Minister in his brief speech in Punjabi thanked Mr V.P. Singh on behalf of Punjabis for making sincere efforts to restore peace in Punjab. Mr Gujral was elected Lok Sabha member from Jalandhar. The Minister observed that Punjab became a victim of "conspiracies both at the Center and outside India".

The rally adopted a resolution which was read out by Mr Avtar Singh Malhotra, the CPI [Communist Party of India] secretary. The resolution appreciated the efforts made by the V.P. Singh Government in the restoration of peace and normal conditions in Punjab. It also said: "This joint mass rally is of the considered view that killings, bloodshed and terror must stop. That violence and use of coercive methods, from whichever quarters they come, must be put to an end. Security to life and property and respect for human rights for all must be ensured. This is urgently needed in order to strengthen amity and goodwill among people and create a congenial atmosphere for further initiatives to work out a solution".

PTI [Press Trust of India] adds: Mr Mann, has described Mr V.P. Singh's visit to Punjab as "lovely and nice" which has "gladdened our hearts".

Mr Mann was replying to a question by reporters at the Halwara air force base where he had come to see off Mr V.P. Singh.

Asked whether he would attend the next all-party meeting on Punjab, Mr Mann said he would not attend it if the "genocidal Congress party is also invited".

UNI [United News of India] adds: The Akali Dal (Mann) today put before the Prime Minister nine suggestions "for making the atmosphere conducive to meaningful dialogue" to solve the Punjab problem.

In a memorandum submitted to Mr Singh, Mr Mann also requested the Prime Minister to dismantle "the repressive administrative machinery" in the State.

"It is our information that it is working over time to complicate the Punjab problem beyond solution", the memorandum said.

#### Report on V.P. Singh 3 Feb Speech in Madras

46001257 Madras *THE HINDU*  
in English 4 Feb 90 p 3

[Text] Madras, Feb 3. The Prime Minister, Mr V.P. Singh, today gave an assurance that the national Front Government at the Center would endeavour to strengthen the federal structure and treat States with respect because "we feel that in running the country and shaping its destiny all the States should be participants."

To this end, and Inter-State Council would be formed immediately after the coming Assembly elections, he said addressing a public meeting on the sands of Marina here.

Mr Singh said the Inter-State Council would have been formed by now, but because there were elections in eight States and Chief Ministers were members of the Council, it was thought better to hold the meeting after the poll when it would be known who would be Chief Ministers.

The Prime Minister said the National Front Government had inherited many problems, "but, now it is our duty to find solutions, and I am confident that with the trust and support of the people, solutions can be found."

The Government had emphasized that resources would be allocated to agriculture and rural areas, but at the same time efforts would be made to strengthen industry because without a strong industrial base the country could not be strong. With this in view, the agro-based industries which absorb the raw material available in the rural areas would be given importance in the small scale sector.

Mr Singh said the Center was committed to the implementation of the Mandal Commission recommendations on Backward Classes and a committee had been set up for the purpose so as to give a special deal to those who had suffered indignity all through their life. While ensuring social justice consideration should be given to the minorities—the Sikhs Muslims and Christians—all of whom had contributed their mite for the country's development and national life in various forms. Not only the physical security of the minorities but also the security of their way of life had to be ensured and they should be enabled to get the fruits of development and share the prosperity and progress of the country, he added.

New Panchayati Raj Bill: The Prime Minister said the Center was coming up with a new Panchayati Raj Bill which aimed at not only maintaining the federal structure but ensuring that the poor, the farmer and the laborer in the rural side as well as in the urban areas got a say in governing their own affairs. The Government

had initiated the process for labor participation in management; the discussion had started and a formula would be evolved soon for labor participation in management on the basis of secret ballot which would be introduced in the public sector and later extended to the private sector.

He said the National Front Government was keen on securing full justice to women by introducing reservations for them in various fields of activity, including panchayat institutions and jobs. In this regard he commended the initiative taken by the Tamil Nadu Government in reserving 30 percent jobs for women and ensuring equal property rights. "I think this is a model for the rest of the country", he said.

On the plea of Mr Karunanidhi for a special grant for the development of the metropolitan city of Madras, Mr Singh said it was true that people from all over the country visited large cities like Bombay, Madras, Calcutta and Delhi and hence the burden of improvement of these places, particularly the slums, should be shared by all the States. He was, however, not in favor of making any immediate announcement on the ground that he did not want to adopt the style a Government which would make announcements but monies would not come. He cited how the previous Government announced Rs 1,000 crores to Kashmir and Dr Farooq Abdullah was still hunting for that money. There would also be criticism that announcements were being made without consultation of the Planning Commission which would make the planning body irrelevant.

"I assure you that when the Eighth Plan is formulated I will act as your advocate for what Mr Karunanidhi had asked for". Turning to Mr Murasoli Maran, the Prime Minister jocularly remarked that the Urban Development Minister was from Tamil Nadu but he was pleading of bankruptcy. So, they should all strengthen the hands of the Urban Development Minister.

**Dig at Rajiv:** Mr Singh had a dig at the former Prime Minister, Mr Rajiv Gandhi, who had described, at a public meeting on the same Marina a year ago, the National Front as a National Front had "established itself as a national political entity in which the people have trust and confidence." Also, the people had rejected those who called the national Front a National Affront and ousted them from power.

The Prime Minister said the south had given great sons to the country. In the freedom struggle Rajaji and Kamaraj were the pioneers. For social reforms and social justice, the voice of the great Periyar came from this soil. And so Dr C.V. Raman to the world of science and technology. Therefore, it was no wonder that when he looked for talent in the Cabinet, he did look southwards and chose Mr Maran, Mr Upendra, Mr Unnikrishnan, Mr M.G.K. Menon and Dr Raja Ramanna as Ministers and Mr Ramakrishna Hegde as Vice-Chairman of the National Planning Commission.

**Discrimination against Corporation:** Earlier, Mr Karunanidhi explained how the National Front Government at the Center was quick in responding to the needs of

Tamil Nadu and drew the attention of the Prime Minister to what he called a discrimination against the 300-year-old Madras Corporation. He said a grant of RS 100 crores was sanctioned to the Bombay Municipal Corporation when it celebrated its centenary recently while Madras which completed its tricentenary did not get anything. He said there was a case for granting a substantial amount to the Madras Corporation by the Union Government.

He made a particular reference to the reduction of the monthly allotment of rice to Tamil Nadu from 80,000 tonnes to 40,000 tonnes by the previous Government and said the national Front Government, as soon as it assumed office, not only made a special allotment of 50,000 tonnes but also increased the monthly quota to 55,000 tonnes. The State Food Minister, now in Delhi, had been assured that it would be further raised to 60,000 tonnes. Mr Karunanidhi said he would press for further increase during his visit to Delhi on February 5.

**Time-bound programme:** Mr P. Upendra, Union Minister for Information and Broadcasting, said it was at this very place (Marina) that the National Front had its inaugural rally and at that time they predicted that the breeze from this beach would sweep the Congress off its power in Delhi. And it had happened. The National Front Government, he said, was functioning under a time-bound programme and it would deliver the goods mentioned in its election manifesto which was a Bible for them.

The Union Urban Development Minister, Mr Murasoli Maran, conveyed the gratitude of the people of Tamil Nadu to the Prime Minister for having included a member from the State in the Central Cabinet.

Mr Sivaji Ganesan, president of the Tamil Nadu Janata Dal, expressed the hope that the association between the Janata Dal and the DMK [Dravida Munnetra Kazhagam (Dravidian Progressive Foundation)] would continue for long to enable them to work for the welfare of the poor and the weaker sections.

Mr K. Anbazhagan, General Secretary of the DMK, welcomed the Prime Minister and the gathering.

Before coming to the meeting place, the Prime Minister visited the samadhi of Annadurai and placed a wreath on it on the occasion of the 21st death anniversary of the late Chief Minister.

Mr C. Subramaniam, who has been appointed Governor of Maharashtra, called on the Prime Minister at Raj Bhavan tonight.

#### Papers Report on Developments in Indo-U.S. Relations

46001251 Calcutta *THE TELEGRAPH*  
in English 29 Jan 90 p 4

[Text] New Delhi, Jan 28: The Congress(I) has taken strong exception to the foreign minister, Mr I.K. Gujral's plea to the US assistant secretary of defence, Mr Henry

Rowen, seeking the superpower's help in sorting out problems in the sub-continent.

In a strongly-worded joint statement, Mr K.N. Singh, party general secretary, and Mr M.J. Akbar, MP [Member of Parliament], said it was shocking that the foreign minister was not only "surrendering India's right to independent foreign policy" but had also made a statement that sounded as if the government was a "stooge of the superpower".

As part of the government's diplomatic initiative on Jammu and Kashmir, Mr Gujral had met Mr Rowen here earlier this week and appealed to him for US help in maintaining a "friendly environment in the sub-continent." He had told Mr Rowen that "as a major power involved in the region, the US had a stake in preserving peace. Any outbreak of hostilities between the two countries would be contrary to US interests".

Mr Akbar said, "One of the proudest assets of India has been independent foreign policy fashioned by Pandit Jawaharlal Nehru and implemented by every Congress Prime Minister. This precious national asset is being squandered away by the present government."

He said, "We condemn in the strongest possible terms Mr Gujral's invitation to the US and China to interfere in the affairs of the sub-continent. Mr Gujral has surrendered India's right to an independent policy and granted the US hegemony over our sub-continent by telling Mr Rowen that the US was a major power involved in the region", he added.

Reading out a statement, Mr Akbar said, "The US may be a major power or a superpower, but it has no business to be involved in the internal affairs of our country." He added, "We want friendship with the United States not subservience. Tragically this government in Delhi is sounding like a stooge of a superpower."

He said, "We are shocked to learn that Mr Gujral told Mr Rowen (that) outbreak of hostilities between any two countries will also be contrary to American interests."

Recalling the 1971 US threat of sending the Seventh Fleet to the Indian Ocean, he said, "It was Mrs Indira Gandhi who stood up as a fearless patriot" and regretted that "today we seem to be inviting the masters of such fleets when their friends on the sub-continent are actively engaged in fomenting secessionist trouble in Punjab and Kashmir."

On the situation in Jammu and Kashmir, Mr Akbar wondered why the government in new Delhi was "silent about the provocative statements made by Mr Simranjit Singh Mann in Srinagar which are aimed at creating trouble, expresses solidarity with the secessionist elements and launches direct attack on the Indian Army."

Questioning the locus standi of Mr Mann in Kashmir, he asked, "What signals is this government sending at a time of most serious crisis?" He said the government, which had preferred to remain "dumb," was granting

"implicit legitimacy" to Mr Mann, with the Jammu and Kashmir governor meeting him and holding discussions with him.

Mr Akbar also stood by his statement that the government had sent the Shahi Imam of the Jamma Masjid, Syed Abdullah Bukhari, as emissary to Teheran to "appease Iran." He said the external affairs ministry clarification that the government had no knowledge of the Imam's visit was nothing but "carefully-worded evasion."

Mr Akbar said the Shahi Imam had gone to Iran after a meeting with the Prime Minister.

Mr Akbar denied a report that a partyman had filed a petition in the Delhi high court seeking a direction to the CBI [Central Bureau of Investigation] to stop its probe into the Bofors gun deal.

Reacting to reports that one Mr S.A.S. Kirmani had filed the petition, Mr Akbar said the petitioner was not a member of the party. He said, "Our stand on this issue (Bofors) is that we want all files promised by Prime Minister, Mr V.P. Singh, to be made public."

### Super 301 Considered

46001251 New Delhi PATRIOT  
in English 17 Jan 90 p 9

[Text] Male, Jan 16 (ANI)—India will not give in to American pressure on the Super 301 trade dispute, according to the External Affairs Minister Inder Kumar Gujral. Speaking to newsmen Mr Gujral ruled out any dramatic gesture by India to sort out the dispute which could in any way compromise Indian interests. India was labelled as an 'unfair' trading partner under Article 301 of the 1988 US Trade Act.

Mr Gujral said that "we will not do anything which is not in our national interest". The minister said "we would like to see that the matter is sorted out bearing in mind India's economic interests". Washington wants New Delhi to open up its markets, especially in the area of services such as insurance. Washington also wants India to scale back on its protectionist tariffs, so as to enable more American products to enter the Indian market.

The Indian position is that opening up the service sector to foreign competition will hurt Indian interests. It was with this in mind that Washington clubbed India with Japan and Brazil as "unfair trading partners". Foreign Minister Gujral expressed India's eagerness to resolve the issue but not while "compromising Indian interests".

The previous Indian Government had overtly taken offense to the US action, protested and refused to negotiate further on it. It also went ahead in criticizing the US for a unilateral action forcing India to negotiate under pressure. Some Indian officials reasoned that the US government action was "inspired" by interest groups, a section of the US congress and others.

However, officially it was known (even conveyed to New Delhi through various channels) that the US action stemmed from two reasons: India's leading the battle of developing countries at the General Agreement on Tariffs and Trade (GATT) and the criticism by American businessmen and officials of India's protectionist policies.

Under US Law, India was given 12 months to enter into negotiations with the American administration to settle the matter. The deadline runs out on June 1, 1990. So far, negotiations have not progressed and Indian officials have said that India will not be pressurized into accepting an agreement just because the time deadline is running out.

PTI [Press Trust of India] Adds: Later, talking to newsmen on board the special IAF aircraft on which he was returning from a visit to Maldives, Mr Gujral said trade restrictions under Super 301 formed part of the new diplomacy emerging on global levels.

He said the emphasis was shifting from military to economic areas, but the new Government would make no compromise so far as the country's economic interests were concerned.

Replying to questions, the External Affairs Minister indicated that he would be visiting Iran, Nepal, Sri Lanka and Bangladesh in the coming weeks in pursuance with the new government's policy to give priority in improving relations with neighboring states.

#### India Welcomes Support From Moscow in Kashmir Crisis

##### Shevardnadze to Singh

46001246 Madras THE HINDU  
in English 29 Jan 90 p 7

[Text] Moscow, 28 Jan—The Soviet Foreign Minister, Mr Eduard Shevardnadze, responding to New Delhi's concern over Pakistan's support to secessionists in Kashmir, has said the Soviet Union condemned foreign interference in any form in India's affairs.

Mr Shevardnadze told the Foreign Secretary, Mr S. K. Singh, here yesterday that the Soviet Union's course towards all round development and strengthening of cooperation with democratic, peace-loving India would not change, the official Soviet news agency, Tass reported today.

Mr Singh delivered to Mr Shevardnadze a personal letter from the Prime Minister, Mr Vishwanath Pratap Singh, to the Soviet President, Mr Mikhail Gorbachev.

Tass said Mr Singh described the political situation in India, giving special attention to Jammu and Kashmir.

Tass said Mr Singh pointed to India's concern over Pakistan's policy of supporting the secessionists, its actions to destabilise the situation in the State and

Islamabad's official statements which by no means promoted the normalisation of relations between the two countries. It was emphasised that Pakistan's actions fully contradicted the spirit and letter of the Simla agreement under which differences between the two sides should be settled by peaceful means, the agency said.

Mr Singh reaffirmed the determination of the Government and the people of India to defend the sovereignty and territorial integrity of the country, Tass said.

Mr Singh arrived here on Friday and met the First Deputy Foreign Minister, Mr Yuli Vorontsov, the same day.—PTI

#### Importance of Foreign Support

46001246 Bombay THE TIMES OF INDIA  
in English 30 Jan 90 p 14

##### [Editorial]

[Text] The Soviet stand on the current situation in the Srinagar Valley, as conveyed by Foreign Minister Eduard Shevardnadze to visiting Indian emissary S.K. Singh, is in keeping with the position that Moscow has consistently taken since the mid-fifties. Though the climate of international relations has undergone a sea-change in the last few years, Soviet goodwill for India remains undiminished because it is based on a mutuality of interests that remain as relevant today as ever—a fact eloquently reaffirmed by both sides following the change in government in New Delhi. Apart from this bilateral aspect, the Soviet Union, along with other great powers, would be loth to see an unnecessary regional conflict inhibiting the world-wide relaxation of tensions now under way. Although others may not be as forthcoming as Moscow in pronouncing against external forces fishing in Kashmir's troubled waters, the seriousness of the threat that this poses to India as a nation state is well understood by all. That India consequently will do all it can, regardless of costs, to combat the challenge is equally clear. This makes for a shared interest in seeing that the situation does not get out of hand. In the case of the United States, on which Pakistan is greatly dependent for military supplies and economic assistance, trouble in the sub-continent will be a distraction at a time when national attention is focussed on the change sweeping East Europe. Again, China's priorities are today primarily domestic and escalation of tensions close to its borders is something it would rather do without. Given this setting, Islamabad cannot expect any encouragement if it allows the country's hawks, aided and abetted by political opportunists, to play with fire.

India can thus be sure that its efforts to contain and defuse the secessionist challenge will be viewed with understanding, even if tacit, in most chanceries. It is, therefore, all the more important that New Delhi should do nothing that may alienate, or even irritate, those seeking to keep abreast of what is happening in Kashmir. The ill-considered curbs placed on media coverage,

whether by Indian or foreign reporters, are as counterproductive as they are pointless. While secessionists will indeed try to stage spectacles for the benefit of the media, experienced journalists can be relied upon to take that into account. Preventing them from doing their job can only increase the possibility of misreporting. The Foreign Ministry has a clear responsibility for persuading the local administration and the home ministry in New Delhi to act with wisdom and not from panic, more so because the image of the new government deriving from its commitment to democratic norms will otherwise be seriously compromised.

#### **Effect of Perestroika on Indo-Soviet Trade Considered**

46001253 New Delhi PATRIOT  
in English 22 Jan 90 p 9

[Text] Moscow, Jan 21 (UNI)—Although the Indo-Soviet trade agreement for 1990 envisages a 20 percent growth in bilateral trade compared to last year, there is no room for complacency.

This is because the two countries are yet to progress to new forms of trade and economic cooperation which can take bilateral trade turnover to new heights.

The current trade agreement drives home clearly one fact: India can no longer take for granted an endlessly increased import of Soviet raw material, especially oil and oil products, which have a direct bearing on the Indian exports to the Soviet Union. Soviet raw material sold under credit arrangements still remain a major source of finance—up to 80 percent—of Soviet imports from India.

Another significant factor is the fast-changing economic scenario in both countries. As a result of Perestroika in the economic sphere, the Soviet Union is emerging as a seller's market. Now that the Soviets have trade ties with a number of foreign countries, including the West, Indian exports are thus going to have a tough time in the coming years.

One way out of this problem is to promote new forms of cooperation such as co-production arrangements and joint ventures to carry out various projects in India, the Soviet Union and third countries. There are still a number of untapped opportunities.

For instance, the Soviet Union has over 1,100 officially registered joint companies with foreign partners. Of these, only 14 have been set up with the Indians.

Meanwhile, over 800 Soviets Enterprises allowed to do business directly with foreign partners are eager to enter into tie-ups with Indian companies. These plans, however, are plagued by several problems.

At least some of the traditional partners with the Soviet Union are taking advantage of the changing economic climate there and are fast expanding their business activities in that country.

#### **Concern Over Pakistan Stand on Kashmir Reported**

##### **Gujral to Parliament Panel**

46001247 Madras THE HINDU  
in English 29 Jan 90 p 7

[Article by Our Special Correspondent]

[Text] New Delhi, 28 Jan—The External Affairs Minister, Mr I.K. Gujral, has reported his "distress" and "sadness" at the disconcerting nature of the Pakistani foreign Minister, Sahabzada Yakub Khan's message to India during the course of the latter's official visit earlier this week. Mr Gujral was speaking at a meeting of the Consultative Committee of Members of Parliament attached to the External Affairs Ministry held on 25 January. The Minister said the Pakistani message delivered by its Foreign Minister was couched in undiplomatic language which spoke of "dark clouds hanging over Jammu and Kashmir" and of the perilous circumstances in which the people of J & K were "entrapped."

Mr Gujral said it was clear that the Sahabzada's message was based on a clear brief of his Government since he had participated in a Cabinet meeting before his departure for India. His message was repeated four times in the course of two separate meetings with Mr Gujral as well as in the course of the plenary meeting in the presence of the Prime Minister, Mr V.P. Singh. There was therefore no reason to believe that his statements were some "slip of the tongue" but deliberate and duly thought through. Mr Gujral noted that the language was "provocative and tantamount almost to the issue of an ultimatum."

It was Mr Gujral's belief that there was a qualitative difference in the Pakistani approach on this occasion. In the past there was usually a pattern of point-blank denial of Indian charges of Pakistani interference in affairs in Punjab, but this time they seemed to be attempting to justify their stance by hinting that the provisions of the Simla Agreement were no longer operational and that the destiny of the people of the State were inseparably linked to that of those in "Azad" Kashmir and Pakistan.

The Foreign Minister also told the Committee that there were reasons to believe that some unemployed Afghan Mujahideen in Pakistan Occupied Kashmir were being utilised by the authorities there to provide training.

Mr Gujral told the Consultative Committee that the Pakistani Government may try to internationalise the J&K issue by taking it to the Organisation of Islamic Conference headquartered in Kuwait or even to the United Nations.

##### **Firm Stand**

In this context, Mr Gujral told Members that the Indian stand in the course of the discussions with Mr Yakub Khan was "firm and unequivocal" and it was conveyed to the Sahabzada in "unmistakable language" that there

was no way in which India would allow Jammu and Kashmir to secede from the Indian Union.

He informed Members of the steps taken to brief other countries in the region and the world of the Indian position. The thrust of the Indian position was that it was committed to the Simla Agreement in "letter and spirit" and that the new Government had made every effort to adopt a fresh approach in dealing with its neighbours. Pakistan could and was most welcome to take advantage of this fresh approach and reciprocate but it should be under no illusion that it could exploit the Government's goodwill in order to take unilateral advantage of the situation.

The meeting of the Committee was attended by among others, Mr Ram Jethmalani, Mrs Margaret Alva, Mr Sukomal Sen, Mr Atal Behari Vajpayee, Mr Arif Beg, Mr Mohammed Yunus, Mr Shivraj Patil and Mr Dinesh Singh. Some 20 of the 22 Members present on the occasion gave their views and congratulated the Government on its firm stand on the issue.

Members present underlined the importance of giving a clear and unmistakable message to Pakistan so that it should not undertake action based on a wrong reading of the situation in the Valley and about India's ability to tackle the situation there. Some Members said the new Government's policy towards neighbours would necessarily hinge on its policy toward Pakistan. While underlining the importance of not being provoked by the rash, impulsive and often dangerous activity of the Pakistani authorities, it was equally vital that India's resolve should not be misunderstood.

Some of the Members also called for an all-Party meeting on the issue and said there would be no difference of opinion in Parliament and the country on the issue of Jammu & Kashmir and Pakistan's unacceptable intervention in the affairs of the State. At the conclusion of the meeting, Members adopted a unanimous resolution, noting that "Jammu & Kashmir is an integral part of India and that any interference from any quarter whatsoever in the internal affairs of India would not be tolerated."

#### Diplomatic Initiative Launched

46001247 Calcutta THE TELEGRAPH  
in English 28 Jan 90 p 4

[Text] New Delhi, 27 Jan—The government has launched a vigorous diplomatic initiative to canvass support, inform world opinion about Pakistan's flagrant intervention in the sensitive border state of Jammu and Kashmir and express India's determination to preserve its unity and integrity "at any cost."

This initiative includes detailed briefings to ambassadors of Arab League nations, the European Community and China and talks on the issue with the U.S. assistant secretary of state for defence, Mr Henry Rowen, who was in New Delhi earlier this week.

In addition, the foreign secretary, Mr S.K. Singh, is currently in Moscow for secretary-level talks and will give a detailed brief on disruptive elements operating in the Kashmir valley from territory under the control of the Pakistani Government.

The secretary (economic relations) in the external affairs ministry, Mr Muchkund Dubey, will be leaving for Kuwait and Baghdad tomorrow on a similar mission as special envoy of the government. Mr Dubey is currently in Colombo for talks with Sri Lankan leaders on devolution of power in the Northeastern province.

The first meeting of the external affairs consultative committee since the new government took over was held on Thursday and attended by 22 members belonging to all leading parties in Parliament. Though it was to have discussed India's relations with neighbours in general, the entire meeting was devoted to the situation in Jammu and Kashmir with relation to Pakistan.

Cutting across party lines, the 20 members who spoke at the meeting expressed support for the government's initiative and its firm response to the challenge posed to India's unity.

#### 'Simla Agreement Not Valid'

In his introductory remarks, the external affairs minister, Mr I.K. Gujral, said the messages brought by Prime Minister Benazir Bhutto's special envoy, Mr Abdus Sattar, and the Pakistani foreign minister, Sahebzada Yaqub Khan, were "very disconcerting and couched in undiplomatic language."

For the first time, according to Mr Gujral, the Pakistanis not only did not deny Indian accusations of interference in Kashmir but tried to justify their intervention by hinting that the provisions of the Simla agreement were no longer operative and by saying that the people of Jammu and Kashmir were "inseparably linked" to people in Occupied Kashmir and Pakistan.

Mr Gujral said in his discussions with Mr Sattar and Mr Yaqub Khan, India's response had been conveyed "firmly and unequivocally and in unmistakable language." The Pakistani leaders were told that in no way would India allow Jammu and Kashmir to secede from the Union.

He had given a detailed briefing on Pakistani-aided activities in Kashmir to all Arab ambassadors who were told that Pakistan was "fishing in troubled waters," Mr Gujral said.

In the meeting with Arab ambassadors, he also underlined India's firm commitment to the Palestinian cause and its friendly relations with Arab states.

The Chinese ambassador was told of India's recent initiatives in South Asia and that the government had reason to believe that terrorist activities in Kashmir were being encouraged from across the border. Explaining that India was keen on friendly relations, Mr Gujral

asked the Chinese to help in keeping the atmosphere on the subcontinent friendly against the backdrop of the "changed environment" of Sino-Indian relations.

The U.S. assistant secretary of state for defence too was told that India wanted improvement in ties with Pakistan. Briefing newsmen, a spokesman of the external affairs ministry said, "Mr Rowen was told of the unfortunately confrontationist tone of Mr Yaqub Khan's message and that as a major power involved in the region, the United States had a stake in preserving peace and tranquility in the region."

Asserting that one partition of the country was enough, Mr Gujral told Mr Rowen that India would not allow Pakistan to sow the seeds of discontent in Kashmir using religious fundamentalism.

Mr Gujral said Mr Yaqub Khan spoke of "dark clouds hanging over Jammu and Kashmir and the perilous circumstances in which the people were entrapped" and added that he had come with a clear message based on a meeting of the Pakistani Cabinet. Mr Gujral felt that this could not be a mere slip of the tongue since Mr Yaqub Khan repeated this at least four times.

#### Parliament Panel Resolution

46001247 Calcutta *THE TELEGRAPH*  
in English 26 Jan 90 p 1

[Text] New Delhi, 25 Jan (PTI)—India will not tolerate any interference from any quarter whatsoever in its internal affair as Jammu and Kashmir was an integral part of the country.

This was stated in a resolution passed by the consultative committee of Parliament attached to the external affairs ministry. The first meeting of the committee was chaired by the external affairs minister, Mr I.K. Gujral.

Ministry sources said the Pakistan foreign minister, Sahebzada Yaqub Khan, went to the extent of saying during talks in Delhi that he wondered whether the two countries were heading towards another 1965 (war). He also talked about some people in Pakistan who were wanting to take revenge for the creation of Bangladesh in 1971.

They said the Indian Government was puzzled by Mr Yaqub Khan's stance as it was very uncharacteristic of him.

India viewed Mr Yaqub Khan's observations as highly provocative and pointed out to him that there were chauvinists in India as well.

Without saying that it was an ultimatum, Mr Yaqub Khan said the two sides should be able to prevent such a situation because the sequence of events could lead to "perilous" consequences. He wanted the two sides to ensure that things did not go out of hand.

The Indian side in unequivocal terms conveyed to him that the trouble in Jammu and Kashmir was because of instigation from across the border.

Socioeconomic problems were being given a religious colour by the Pakistani side and their efforts would not succeed, he was told.

Pakistan was asked not to fish in troubled waters. The Kashmir and Punjab problems would be resolved, though it might take time as agitations were part of the democratic process, the Indian side stressed.

New Delhi was of view that the Pakistani fulmination was more because of the internal crisis facing the minority government of Ms Benazir Bhutto.

#### Pakistan Cautioned

46001247 Madras *THE HINDU*  
in English 24 Jan 90 p 1

[Article by K.K. Katyal]

[Text] New Delhi, 23 Jan—India has cautioned Pakistan in clear, forceful and unmistakable terms that it will be a grave miscalculation to view the situation in Jammu and Kashmir, as Islamabad apparently did, as an "internal uprising against injustice." New Delhi will ensure, at whatever cost, that Jammu and Kashmir remains a part of the country.

Whether clothed in diplomatic niceties or otherwise, this was the message conveyed through the Pakistan Foreign Minister, Sahibzada Yaqub Khan, who concluded his three-day visit here today. The Sahibzada held two rounds of talks with his opposite number here, and called on the Prime Minister, Mr V.P. Singh. The consultations on the venue and timing of the next summit of the South Asian Association for Regional Cooperation—the original purpose of the visit—were completely overshadowed by the discussions on bilateral matters.

#### Friendly Advice

The 'friendly advice' to Islamabad was considered necessary in view of the battle cries in the Pakistan-occupied Kashmir for well-organised operations for disruption and destabilisation in the valley. It was particularly meant for those in Pakistan—in the Government or outside—who might be tempted to regard the 'insurgency' in the State as an occasion for adventurist action. Serious notice was taken of the plans of Mr Abdul Qayyum Khan of the 'Azad Kashmir' government to give a call to the people to cross the Line of Control and to despatch a commando force of 10,000 across the border as also the fact that Islamabad has not advised him against it as was done in 1958. All these were considered weighty enough justification for tough talk by India while reiterating its resolve for a solution of the problem consistent with its dignity and sovereignty.

Officials here concede that India has used strong words but say that the situation warranted it. The message

intended to be conveyed was the same as was put across through a strongly-worded statement on 13 January—that Pakistan's actions were incongruous with the Simla Agreement, particularly its stipulation that the two countries "shall prevent the organisation, assistance or encouragement of any acts detrimental to the maintenance of peaceful and harmonious relations."

The statement by the official spokesman on the Sahibzada's talks, too, had a categorical ring about it.

"The opportunity of the Sahibzada's visit," he said, "was also utilised to have a comprehensive review of bilateral relations. Our concern at the evidence of Pakistan's involvement in terrorist activities directed against India in Jammu and Kashmir was suitably conveyed. It was reiterated that Jammu and Kashmir is an integral part of India and any interference in our internal affairs would be unacceptable. The Simla Agreement, which is the bedrock of relations between the two countries, expressly forbids acts detrimental to peaceful and harmonious relations."

The two sides agreed to continue discussions at all levels, including the meetings of the Secretaries of Home, Defence and Water Resources, to tackle the pending problems (the last to be called soon to consider the Wular barrage issue). The India-Pakistan Joint Commission is expected to meet in the first half of the year—after the four constituent sub-commissions meet to review the progress since the last meeting in July 1989. Later this month, the two Governments will discuss the issues connected with the capture of fishermen and fishing vessels. The Surveyors-General too will meet to resume discussions on the boundary in the Sir Creek area and the maritime boundary. Pakistan was requested to intensify search for the missing Indian Defence personnel—some 40 in number—believed to be in its custody.

#### Inconclusive Talks

All in all, the Sahibzada's talks ended on a somewhat inconclusive note. According to Indian sources, the Sahibzada did not refute India's allegations (while talking of the indigenous character of the trouble in the Kashmir Valley) but promised to convey New Delhi's concern to the appropriate quarters. That was not the version of the Pakistani side. Whatever the Sahibzada told the Indian leaders need to be given close attention. His visit was qualitatively different from the mission of Mr Abdul Sattar, the Prime Minister, Ms Benazir Bhutto's special envoy earlier this month. What the Foreign Minister told his hosts represented the consensus of the Establishment—the democratic Government and the military top brass—reached after taking into account the impressions carried back by Mr Sattar. It was the well-considered, well-thought-out view of Islamabad and, as was natural, was taken as such by New Delhi.

The Sahibzada himself is a party to the domestic consensus. Not long ago, he felt sidelined and some of his supporters were sore at the way he was "upstaged" by Mr

Sattar. This was how they had interpreted the decision to draft Mr Sattar for a special assignment when the schedule for the Foreign Minister's Delhi visit had been fixed. That phase, however, is over—for the time being.

#### Pak Version

The Pakistan version was given in a press release by its High Commission this evening. It said: "Sahibzada Yakub Khan's visit also provided an opportunity for a review of Pak-India bilateral relations. He focussed on the concern and anxiety arising from the tension in bilateral relations caused by the deteriorating situation in Kashmir.

"Foreign Minister Yakub Khan set out clearly Pakistan's position on the Kashmir issue in terms of Prime Minister Benazir Bhutto's statement of 21 January.

"Sahibzada Yakub Khan rejected allegations of interference on the part of Pakistan, pointing out that the current turmoil in the Kashmir Valley was purely indigenous and resulted from the denial of the right of self-determination to the people of Kashmir. Pakistan was committed to a peaceful settlement of the Kashmir dispute, on the basis of the UN resolutions and in the spirit of the Simla Agreement, he affirmed."

#### Delhi Names New Governors for 14 States

46001250 Madras *THE HINDU*  
in English 2 Feb 90 p 1

[Article by K. K. Katyal]

[Text] New Delhi, Feb 1.—Mr C. Subramaniam, former Union Minister, is the new Governor of Maharashtra, Mr Krishna Kant, a senior Janata Dal leader, of Andhra Pradesh, Dr Sarup Singh, an educationist from Haryana and former MP [Member of Parliament], of Kerala, Mr Raghunath Reddi, former Union Minister, of Tripura, and Mr B. Satya Narain Reddi, Telugu Desam Rajya Sabha member, of Uttar Pradesh.

In all, the names of 13 new Governors and one Lt Governor were announced today, while a Governor and a Lt Governor, were transferred. Mr Nurul Hasan was transferred from Orissa to West Bengal, and Lt Gen (Rtd) R. S. Dayal from Pondicherry to Andaman and Nicobar.

The other new appointees are Mr Yunus Saleem, once a member of Mrs Indira Gandhi's team, now connected with the Janata Dal, for Bihar, Mr D. N. Mandal, an erstwhile socialist and a member of the Janata Government in the Seventies, for Haryana, Mr B. Rachaiah, a Janata Dal leader of Karnataka, for Himachal Pradesh, Mr Mahmood Ali, a senior Muslim leader, for Madhya Pradesh, Mr Swaraj Kaushal, an advocate, for Mizoram, Mr D. P. Chattopadhyaya, another former Minister of State, for Rajasthan, Admiral (Rtd) R. H. Tahiliani, former naval chief, for Sikkim, Mr Yagya Dutt Sharma, a prominent BJP leader from Punjab, for Orissa, and

Mrs Chandrawati, Haryana Janata Dal leader, for Pondicherry (as Lt Governor).

That today's list is not complete is evident from the fact that the vacancy in Assam (caused by the resignation of Mr Harideo Joshi, now Chief Minister of Rajasthan) has not been filled and no successor has been named for Mr P. Venkatasubbaiah in Karnataka (who is due to complete his term shortly).

The new appointments were announced through a press communique from the Rashtrapati Bhavan, which also said the President, Mr R. Venkataraman, accepted the resignations of 12 outgoing Governors. Some two weeks ago, all the gubernatorial heads had submitted their resignations but some, it is known, are to be retained and some others to be replaced later. Particularly interesting is the appointment of Mr Chattopadhyaya, the West Bengal leader, who resigned from the Congress(I) recently. The resignation of Mr K. Brahmananda Reddi of Maharashtra was accepted last week.

Mr Hasan was being sent back to West Bengal from where he was abruptly transferred during the Congress(I) regime, despite the protests by the State Chief Minister, Mr Jyoti Basu. Earlier in the day there was speculation that Mr Satyanarayana Reddi was to be sent to Tamil Nadu, but the official list did not name the successor to Dr P. C. Alexander.

The new appointments, it is learnt, figured in the Prime Minister, Mr V. P. Singh's talks with Mr Venkataraman two days ago, and the latter's counsel appeared to have weighed in the final decisions.

The President's advice to the Governors to quit their posts followed the stand taken by the Home Minister, Mufti Mohammed Sayeed, that the appointees of the previous regime should make room for those enjoying the confidence of the new Government. The Mufti sought to make a case for a convention requiring the Governors to quit on the change of the Government at the Center.

It was an untenable position running counter to both letter and spirit of the Constitution, but New Delhi's decision remained unchanged.

The Center took longer than was expected to make up its mind on the new Governors. When in the Opposition, the National Front used to object to the Center's action in naming Governors without advance intimation to the Chief Ministers concerned. The new Government did go through the process of consultations. There could be no problem with the non-Congress(I) Chief Ministers but whether all the Congress(I) Chief Ministers concurred with New Delhi's suggestions is not clear.

One of them, Dr Chenna Reddi of Andhra Pradesh, did. He publicly confirmed today that he had been consulted and had accepted Mr Krishna Kant. Though belonging to the Janata Dal, Mr Krishna Kant of late was involved in a non-partisan campaign, against criminalization of elections.

Just before the Lok Sabha poll, he brought the leader of then Opposition, including Mr V. P. Singh, as also of the ruling party of the day, including Mr Kamalapati Tripathi on one platform in a bid to reverse the present dangerous trends in the poll process. The selection of Admiral Tahliani, too could not be faulted.

On the whole, the new Government could not claim to have followed the criteria suggested by the Sarkaria Commission, and will be vulnerable to the criticism of the type its leaders used to level against the erstwhile Congress(I) rulers. The Prime Minister and his colleagues, obviously could not resist the temptation to reward those on his side of the political fence who could not be accommodated otherwise.

The new Government was particularly sore over the appointment of actual Congress(I) politicians, Mr Jagannath Pahadia and Mr Sultan Singh to take two instances, and the former Intelligence Branch officials, Mr T. V. Rajeswar and Mr Barari, and was keen to replace them. But because of the known sequence of events, all the Governors were required to resign.

The President has been pleased to accept the resignation of the following Governors: Ms Kumudben Joshi (Andhra Pradesh), Mr Jagannath Pahadia (Bihar), Mr Hari Anand Barari (Haryana), Vice-Admiral (Retd) R.K. S. Gandhi (Himachal Pradesh), Ms Ramdulari Sinha (Kerala), Ms Sarla Grewal (Madhya Pradesh), Capt W. A. Sangma (Mizoram), Mr Sukhdev Prasad (Rajasthan), Mr S. K. Bhatnagar (Sikkim), Mr Sultan Singh (Tripura), Mr Mohammed Usman Arif (Uttar Pradesh) and Mr T. V. Rajeswar (West Bengal).

#### New Governors

Mr Krishna Kant to be the Governor of Andhra Pradesh. Mr Yunus Saleem to be the Governor of Bihar. Mr Dhanik Lal Mandal to be Governor of Haryana. Mr B. Rachaiah to be the Governor of Himachal Pradesh. Dr Sarup Singh to be the Governor of Kerala. Mr Mahmood Ali to be the Governor of Madhya Pradesh. Mr C. Subramaniam to be the Governor of Maharashtra. Mr Swaraj Kaushal to be the Governor of Mizoram. Mr Debi Prasad Chattopadhyaya to be the Governor of Rajasthan. Admiral Radhakrishnan Hariram Tahiliani (Retd) to be the Governor of Sikkim. Mr Raghunath Reddy to be the Governor of Tripura. Mr B. Satya Narain Reddy to be the Governor of Uttar Pradesh. Mr Yagya Dutt Sharma to be the Governor of Orissa. Mrs Chandravati to be the Lt Governor of Pondicherry. Prof Nurul Hasan, presently Governor of Orissa, has been transferred to West Bengal for the remainder of his term. Lt Gen R. S. Dyal (Retd), Lt Governor of Pondicherry, has also been transferred as Lt Governor of Andaman & Nicobar Islands.

Their appointments will take effect from the dates they assume their respective charges.

**Interview With New Foreign Minister Gujral**

46001262 Calcutta THE TELEGRAPH  
in English 21 Jan 90 p 10

[Inder Kumar Gujral, minister for external affairs, spoke to Shubha Singh in Delhi]

[Text] [THE TELEGRAPH] What did you discuss with the Sri Lankan foreign Minister?

[Gujral] So far as Sri Lanka is concerned, it is a situation where much harm has been done in the past, leaving one moral for us all, that internal problems should be sorted out in time in an enlightened spirit.

[THE TELEGRAPH] The main thrust of the National Front government's foreign policy is said to be on improving relations with the neighboring countries. The initiative on this account began during the Sri Lankan foreign minister, Mr Wijeratne's visit. In Sri Lanka, an important aspect of the situation in the northeastern province is the safety and security of the Tamils. What were the discussions that you had on this subject?

[Gujral] As you so rightly described it, the major thrust of our foreign policy is to improve relations with our neighbors, because the political situation in the world is changing and we believe that the benefits of the new world, where peace is being assured, should travel to our region as well. We feel that it would be myopic to keep sustaining tensions in our region when all over the world tensions are being reduced.

So far as Sri Lanka is concerned it is a situation where much harm has been done in the past, leaving one moral for us all, that internal problems should be sorted out in time in an enlightened spirit. And if they are kept unattended they pose a danger to the security of the nation. I do hope that the Sri Lankan policy has learnt its lesson and they will be keen to accommodate, understand and provide security to the Tamils after the withdrawal of the IPKF [Indian Peacekeeping Force].

[THE TELEGRAPH] Under the proposed Indo-Sri Lankan treaty this aspect will devolve on the Sri Lankan government.

[Gujral] Ultimately it is an internal matter. Therefore, providing security to their own people and making them feel they are equal participants in the economy and policy is the responsibility of the Sri Lankan society and the Sri Lankan policy makers. The only thing we can possibly do is to point out that ignoring this in the past has proved very expensive for the security and stability of the country. The security and stability of the country can be assured only after these problems are resolved in an enlightened, wise and statesmanlike fashion.

[THE TELEGRAPH] The other aspect is the devolution of powers to the provincial council that has to be attended to...

[Gujral] Yes, according to the Indo-Sri Lankan accord the devolution of power should be completed as expeditiously as possible. There are some differences on this matter between the Sri Lankan government and the government led by Mr Perumal. I do hope these will be sorted out.

[THE TELEGRAPH] But this matter has to be resolved soon because there is no dialogue between the Sri Lankan government and the provincial government.

[Gujral] Again I think it is to the interest of both to attend to a dialogue to sort it out. If we can help to facilitate a dialogue we will.

[THE TELEGRAPH] The situation is not so simple, for the EPRLF [Eelam People's Revolutionary Liberation Front] and the LTTE [Liberation Tigers of Tamil Eelam] are not even willing to talk to each other.

[Gujral] That is the most pertinent issue and I think it is in the interest of both and also Sri Lanka that the two strong alignments of the Tamils not only discuss with each other but also learn to live in peace with each other. For this purpose we have requested Mr Karunanidhi to use his offices to see if we can help.

[THE TELEGRAPH] The LTTE has still not given up its demand for a separate eelam.

[Gujral] India does not support eelam, as a matter of fact it has been our sustained policy and we continue to believe that eelam does not help anybody but creates more problems both for the Tamils, for the unity of Sri Lanka and also for friendly relations between the two countries.

[THE TELEGRAPH] Coming to the Nepal issue, the foreign minister, Mr S.K. Upadhyaya, visited Delhi early this month. What was the outcome of the visit?

[Gujral] The last visit of the Nepalese foreign minister was helpful and friendly. I think we discussed in a very friendly and cordial way various issues that have stood in the way of close cooperation. I think we have covered good ground. We are hoping that some time towards the end of the month the officials will meet again and later in February I will go to Kathmandu to work out the final shape of things.

[THE TELEGRAPH] What will be the agenda for these discussions since the last round was very wide ranging?

[Gujral] In the light of the discussions that were held between me and the Nepalese foreign minister, areas have been identified. These must now be conceptualized on the lines indicated by us.

[THE TELEGRAPH] But when will there be any movement on the subject of the trade and transit treaties?

[Gujral] The idea basically was to deal with all the pending issues and not go about them in a piecemeal fashion.

[THE TELEGRAPH] The Congress(I) is planning to send an official party delegation to the banned Nepali Congress national convention. What is the reaction of the Indian government?

[Gujral] Several political parties in India have their own understanding of party relations around the world. The Indian policy being what it is, every individual or party is free to establish relations and pursue them according to their wish.

[THE TELEGRAPH] But there are some very senior members of Parliament belonging to your own party who are also going to Kathmandu for the occasion. Is the party trying to dissuade them from going?

[Gujral] They are leading personalities, they understand India's foreign policy and I am sure wherever they go they will uphold the country's interests and also maintain good relations between India and Nepal.

[THE TELEGRAPH] What will be your government's policy towards China?

[Gujral] India's policy is to have very friendly and cooperative relations with China. Therefore the initiatives that were taken in the past the meetings of the officials, will continue. We are keen that our cooperation in trade and cultural areas be enhanced. The law minister has been invited to go to China sometime this month for an international conference.

[THE TELEGRAPH] An important section of your party and Mr George Fernandes has been very articulate on the subject of Tibet.

[Gujral] India's foreign policy recognizes Tibet as an autonomous region of China. Like all political parties, people have a right to their personal opinions. But the government of India's policy is as I have just stated.

[THE TELEGRAPH] There was a report that the Chinese government had protested against a speech made by Mr Fernandes after he joined the Cabinet.

[Gujral] I am not aware of anything like that.

[THE TELEGRAPH] About our other neighbor, Pakistan, you had expressed your concerns to the Pakistan Prime Minister's special envoy. This is being followed by a visit by the foreign minister. Do you think that this will bear fruit?

[Gujral] Well I can just repeat what I have said, that we are extremely keen to have a very friendly and cooperative relationship with Pakistan. There are various areas in which cooperation can be extended. These are trade, travel and media. Some sub-commissions are to meet soon.

In the meantime, we also feel that the spurt in terrorist activities in Kashmir and Punjab are causes of concern and we hope that factors and forces in Pakistan that are extending a helping hand to these forces will realize that it neither helps Pakistan nor contributes to our endeavor to building good relations. My efforts and that of the government will continue to seek friendship and cooperation.

[THE TELEGRAPH] What will be the policy towards the superpowers—the Soviet Union and the USA—especially in the context of the US action under Super 301.

[Gujral] We believe in preserving traditional relations with the superpowers as well as adjusting to the changes that are taking place. Our friendship with the Soviet Union is abiding and has stood the test of time. We consider our relations very valuable.

Super 301 is part of the new emerging diplomacy. The pressure points are shifting from the military to economic ones and our projections have to keep these in mind. We need to have a dynamic, outreaching economic diplomacy.

[THE TELEGRAPH] How does your government perceive the changes in east Europe and in what way will they influence the foreign policy?

[Gujral] The developments in east Europe are far reaching. The balance of power that was established from Yalta has been dismantled, therefore a new era of peace is opening up there. This offers a good deal of opportunities to the Indian economy and Indian diplomacy. We want to consolidate our relationships in east Europe and extend the areas of economic cooperation.

[THE TELEGRAPH] On an earlier occasion you had said that the most important aspect of diplomacy in the coming decades will be economic cooperation. Will this be tackled? How?

[Gujral] Yes it will be. Primarily because it will be the basic challenge of the era of peace. When prevailing tension are dismantled then economic cooperation comes to the fore. The Indian economy and Indian thinking must be tuned in this direction.

[THE TELEGRAPH] In that case, are you planning any changes in the policy planning process of your ministry?

[Gujral] One of the things that we want to do is strengthen the policy planning mechanism in the ministry, so that it is in a position to interact more vigorously with intellectuals and experts outside the ministry.

[THE TELEGRAPH] How do you plan to do this?

[Gujral] Some initial papers are being prepared to decide what type of structure we should have. I think we should be able to do something on this.

[THE TELEGRAPH] Are you planning to have a large number of changes in ambassadorial appointments?

[Gujral] In a large ministry like this, there are transfers all the time. Some political appointees have expressed their wish to be relieved of their charge. I want to say to their credit that they have done their jobs very well. In every society like ours when governments change the political appointees always submit their papers, but that it in no way a reflection on their credibility or work.

### Developments in East Europe Affect India's Rupee Trade

46001266 Bombay *THE TIMES OF INDIA*  
in English 26 Jan 90 pp 1, 26

[Article by Tapan Dasgupta]

[Text] New Delhi, January 25. Structural reforms and liberalization of procedures in the entire East Europe, and increased powers to Soviet organizations to take decisions under perestroika have cast a shadow on the future of India's rupee trade.

The rupee trade requires a great deal of central control and monitoring which may be eased in East Europe to allow market forces to operate. The East European countries are looking towards West Europe for collaboration both in respect of heavy and light industries. This has ominous implications for consumer goods exports from India to these countries.

Fortunately, India's trade with East European countries accounts for only 16 percent of the total rupee trade, 86 percent being with the Soviet Union. The USSR is keen on retaining rupee trade with India, while it is striving to switch to convertible currency in the trade with the East European bloc within the next three to four years. But even in respect of Indo-Soviet trade, despite confidence expressed from both sides, the future looks a bit hazy and uncertain.

The commerce secretary, Mr S. P. Shukla, visited Moscow early this month to sign the Indo-Soviet trade protocol for 1990. According to the protocol, the trade turnover is slated to go up to Rs 8,800 crores, a growth of 25 percent over the 1989 turnover of Rs 6,900 crores. India's exports to the Soviet Union have been fixed at Rs 5,300 crores, and imports in the region of Rs 3,500 crores.

The commerce secretary feels the trade protocol has been very satisfactory, for, at the present rate of expansion, the target of achieving Rs 10,000 crores trade turnover by 1992 should pose no difficulty. His perception is that the rupee trade has been working to the mutual advantage of both the Soviet Union and India, and that is why it is being continued and expanded.

However, there is a growing feeling in the government circles that the benefits to India from rupee trade are fast narrowing. The import content of exports to the Soviet

Union are rising sharply because of the sophistication acquired by the Indian industries over the last few years. A case in point is the export of color TV tubes which started with 100,000 in number but now have risen to 6.5 lakhs. The import content of the color picture tube is over 70 percent, paid by India in hard currency, but their exports to the USSR entitle the exporting company to all the export incentives, including income-tax exemption.

A wide range of engineering goods are also to be exported to the Soviet Union in 1990 having a considerable import content. Among these are automobile storage batteries, polygraphic equipment, medical equipment and other electronic and electrical equipment. Surprisingly, as no study has been made regarding the cost in hard currency of India's exports to the Soviet Union, official sources estimate the cost to be anything between Rs 400 and Rs 600 crores.

The standard explanation justifying such exports is that the Soviet Union supplies to India such critical items such as crude oil, petroleum products, fertilizers, non-ferrous metals and newsprint against rupees thus helping India to conserve free foreign exchange. This is no doubt true, but the problem is that the increase in the Indo-Soviet trade turnover has been caused by a disproportionate increase in India's exports. The imports of commodity supplies from the Soviet Union have remained more or less stagnant.

The Soviet authorities are unwilling to step up commodity supplies beyond existing levels but they are keen to supply more and more machinery items. Thus India's efforts to add more commodities like daps, crude, second-hand ships in the import list have failed.

In view of the present turmoil in the Soviet Union there are also serious doubts whether the Soviet Union will be able to maintain the present level of commodity supplies in 1990. As for the Soviet desire to supply more and more machinery items, substantial machinery flows have been secured under economic credits and so, unless the private sector can absorb more machinery, a further step-up in imports is difficult. Progress in the new forms of cooperation like joint ventures has also been very poor, one of the main reasons being unwillingness of the USSR to permit repatriation of rouble profits.

India's exports to the Soviet Union have thus been significantly higher than imports. While imports are slated to go up from Rs 2,200 crores in 1985 to Rs 3,500 crores, a growth of 59 percent, exports would go up from Rs 2,200 crores to Rs 5,300 crores, a jump of 147 percent. To the extent India's exports consist more of sophisticated goods and machinery having larger import content, the benefits of trade would be moving away from India.

It is difficult for India to dictate terms in Indo-Soviet trade. Exports are higher than imports because various rouble credits for defence and machinery supplies have to be repaid through exports. The repayment obligation is rising for an accumulated rouble debt of about Rs

25,000 crores. In 1990, this repayment obligation will be Rs 1,800 crores, exactly the difference between exports and imports, compared to Rs 1,500 cores in the previous year. And by the terminal year of the eighth plan, will touch about Rs 4,000 crores. But that is a problem which the commerce ministry does not have to bother about. It is a budgetary problem for the department of economic affairs.

**Outcome of Arun Nehru's Indonesia Visit Reported**

46001248 Madras *THE HINDU*  
in English 29 Jan 90 p 7

[Article by V.T. Sambandan]

[Text] Jakarta, Jan 28. The Indian Minister for Commerce, Mr Arun Kumar Nehru, yesterday held discussions with the Indonesian President, Mr Suharto, on strengthening trade, economic and political relations between the two countries.

Concluding his three-day visit to Jakarta in connection with the Indian industrial exhibition, Mr Nehru said the talks, which lasted for an hour, were 'very positive'.

Mr Nehru said both sides emphasized the need for increased cooperation. There was general agreement that both Indonesia and India should come to understand each other better and have more exchanges, he said.

"As far as trade goes, we both can do a great deal more. The exhibition turned out to be an impressive one. The performance of young entrepreneurs is encouraging. That is where the success of the operation lies, he said.

In his discussions with Ministers, he found "there is much in common between the two countries." "In fact, commonality is our strength."

He said there was good scope for joint ventures, even in commodity trade. There is no reason why it should not increase "dramatically in a few months." He said "when you think of potentials on both sides, and if you want real progress we should talk in terms of months, not years. We intend to initiate actions on several matters which we discussed here."

The message he carried to Mr Suharto from the Indian Prime Minister, Mr V.P. Singh, said that "we attach great importance to relations with Indonesia." Mr Suharto, in his message to Mr Singh, reciprocated the sentiments.

Throughout his talks with Indian businessmen, the exhibitors and to the Indian press covering his visit, Mr Nehru seemed "upbeat" on the possibility of immense interaction in economic fields between India and Indonesia, particularly because both are large nations in South Asia and South East Asia respectively, and have the convergence of views on global relations like non-alignment, new economic and information orders and many others.

Meanwhile, IRCON [Indian Railway Construction Company], a public sector undertaking in the Indian Railways, has won a subcontract from two Indonesian

firms to modernize electrification of a suburban railway in Jakarta and electrify another line for US\$4.7 millions. It is also negotiating for the electrification of another suburban line here. IRCON is already doing another project, well on time and correctly, in Malaysia.

**Reportage on Visit of Mauritius Foreign Minister**

**Cooperation Pact Signed**

46001265 Madras *THE HINDU*  
in English 25 Jan 90 p 1

[Text] New Delhi, Jan. 24—India and Mauritius today carried forward the process of bilateral cooperation by signing six agreements on the first day of the one week visit of the Mauritius Prime Minister, Sir Anerood Jugnauth, who will also be the Chief Guest at the Republic Day parade.

The Prime Minister, Mr V.P. Singh, and the visiting dignitary also had wide-ranging discussions lasting over one and half hours where they traced the main stages of the evolution of "the special relationship" that the two countries enjoy and which has withstood the vicissitudes of elections and change of governments.

The focus of the discussions was on details of cooperation between India and Mauritius and in the presence of the two Prime Ministers, the six agreements were signed to carry forward this collaboration. One of these related to the commitment of the two Governments to intensify efforts against drug trafficking through regular exchange of information by the nodal agencies on both sides. While the Narcotics Control Bureau will be the designated Indian agency, the Prime Minister's Office on the other side will be counterpart organisation.

Flowing from the umbrella agreement of 1978 envisaging economic and technical cooperation between the two nations, two agreements were signed today for joint efforts in oceanography and ocean development. India has agreed to provide expertise to Mauritius to help it exploit its exclusive economic zone. The second agreement under the 1978 pact pertained to cultural exchanges and the programme was drawn up for the period 1990-92. Yet another agreement envisaged cooperation in sports and youth affairs.

A separate agreement for cooperation in science and technology was also signed while another document formalised India's help to that country to set up radio telescope since the geographical location of Mauritius made it ideal for such a venture. The Indian Institute of Astrophysics and the Raman Research Institute will be collaborating in this venture.

UNI reports:

Special ties: An official spokesman said that at the talks Mr. Singh and Sir Jugnauth expressed their determination not only to maintain but also build on the traditional special relationship between the two countries.

They observed that the strength and resilience of this relationship had helped survive the vicissitudes of elections and changes of government.

The spokesman said Mr. Singh conveyed to the visiting Prime Minister India's abiding interest in the stability of Mauritius and the welfare and progress of Mauritians.

He said the two countries had discussed concrete projects for diversifying and deepening Indo-Mauritian cooperation at the official talks at which the External Affairs Minister, Mr. I.K. Gujral, and senior officials were present.

**Demand for islands backed:** At a banquet held in honour of Sir Anerood, Mr. Singh announced India's support to the demand by Mauritius for restoration of the Chagos Archipelago, including Diego Garcia, as it looked forward to an easing of great power rivalry in the Indian Ocean.

Mr. Singh was responding to a recent statement by Sir Anerood that it was time the United States dismantled its military base and returned to Mauritius the Chagos Archipelago as per the solemn assurance given by Britain at the time of the Mauritian Independence.

**Fiji issue:** Referring to the developments in Fiji, Mr. Singh hoped that all responsible segments of the society there would work for a genuine dialogue amongst themselves as the only way to ensure peace, stability and racial harmony in the island-republic.

#### Jugnauth Press Conference

46001265 Madras *THE HINDU*  
in English 26 Jan 90 p 9

[Text] New Delhi, Jan. 25—The Mauritius Government is hopeful that the Chagos Archipelago, including Diego Garcia, will be restored to it by the year 2010 when the lease that the United States had acquired from the United Kingdom comes to an end.

The Prime Minister of Mauritius, Sir Anerood Jugnauth, told presspersons today that he would be proceeding to London from here where he proposes to secure an undertaking from the British authorities that the archipelago would be handed over to Mauritius at the end of the lease and that the U.S. should deal directly with the rightful owners after that.

Elaborating on the reasons for his optimism about the restoration of the archipelago, Sir Anerood said that he had in his possession a letter by the British Prime Minister, Mrs. Margaret Thatcher, saying that Chagos would be returned to Mauritius as soon as there was no threat to the West and the island was not required for the defence of the Western nations. "With the elimination of the cold war and the coming closer of the East and the West, the situation will change. That is why we are pressing for global peace and for convening an U.N. conference to declare the Indian Ocean as a zone of peace," the Prime Minister said.

Sir Anerood pointed out that the United Kingdom had gone back on its commitment given at the time of independence of Mauritius in 1968 that the Chagos Archipelago, including Diego Garcia, would be used only for communication purposes and that the area around it could be used by Mauritius. This was not done and instead, Diego Garcia was leased to the U.S. till 2010.

"We have denounced this at every forum and we have also supported the move for an UN conference to declare the Indian Ocean a zone of peace." In reply to another question, the Mauritius Prime Minister said that he welcomed the likely release of the South African leader, Mr Nelson Mandela, but denied strongly that any possible change in the regime in South Africa would harm economic interests of his country. "Our volume of imports from South Africa has been declining as has been the tourist flow from there.

Earlier, as much as 60 percent of the tourist trade was from there but now it has come down to 20 percent only. Conceding that he had contacts with the racist South African regime, Sir Anerood, however, pointed out that he had a lot of friends in the other organisations as well opposed to apartheid.

"We are with all well meaning people and organisations against the South African regime. But our ties have been developed over the centuries and it may not be possible to cut them suddenly. We are doing it gradually. I am not prepared to sacrifice all of my country to help friends in South Africa. We are supporting them to the extent possible, within our means," the Prime Minister said.

Sir Anerood said that he had suggested to the White South African regime to first release all the prisoners held by them and then end the evil practice of apartheid. If this was done, the minority Whites in South Africa would not have to fear the consequences which they are apprehending at the moment, he added.

#### India, Yemen People's Republic Sign Cooperation Pact

46001261 Bombay *THE TIMES OF INDIA*  
in English 21 Jan 90 p 11

[Text] New Delhi, January 20 (PTI)—India and the People's Democratic Republic of Yemen (PDRY) have agreed to strengthen bilateral trade as well as economic and industrial cooperation in a number of fields.

India has agreed to step up its exports to Yemen of items such as coffee, raw cotton and packaging materials.

In addition, Yemen has expressed keen interest for purchasing from India a number of items which, at present, it is importing from other countries including agricultural items and also in promoting cooperation with India in the field of projects.

This is indicated in the agreed minutes of the Indo-PDRY joint commission meeting which ended here on Friday.

The minutes were signed by Dr Abdullah Saeed Abadan, deputy minister of planning, PDRY and Mr J.N. Renjen, joint secretary, Ministry of Commerce.

In addition to product exports, a number of projects have been identified in PDRY for cooperation between India and Yemen covering, telecommunication, construction of airports and setting up of a tyre retreading plant.

The PDRY will have further discussions on these with the concerned Indian companies, which may also include funding of these projects.

### New Pact for Assam Accord Implementation Signed

46001252 Madras *THE HINDU*  
in English 28 Jan 90 p 1

[Text] New Delhi, Jan 27. The All-Assam Students' Union (AASU), which has been carrying on an agitation for a definite commitment about the implementation of its 1985 pact with the Union Government within a specified timeframe, made an important gain today with the signing of a fresh agreement setting out deadlines for implementing the different provisions of the nearly five-year old accord. With today's accord between the Center, the Assam Government and itself, the AASU is expected to call off its confrontationist stance and extend its cooperation.

Today's agreement followed an earlier understanding fixing January 26 as the deadline for spelling out specific target dates for enforcing different provisions of the accord. In the latest round of discussions the AASU delegation explained its stand on clause six of the accord relating to constitutional, legislative and administrative safeguards for protecting the cultural, social, linguistic identity and heritage of the Assamese.

The AASU team did not insist on enacting legislation analogous to Article 370 of the Constitution, which gives Jammu and Kashmir a special status, but scaled down its demand to provisions similar to those in the Constitution for Nagaland, Meghalaya and some other areas. The AASU as well as the Assam Government will now prepare concrete proposals in this regard by next month and the Center will take decisions by March.

To give shape to clause seven of the 1985 accord, which envisages the formulation of a special plan for the speedy economic development of Assam, a task force headed by a member of the Planning Commission will be formed by the month end. According to AASU sources, the task force will be headed by Mr L.C. Jain, member of the Planning Commission. It will submit its report by April end.

Probe into infiltration: The Center undertook to complete by October end the pending investigations into suspected cases of post-1971 illegal infiltrators into Assam for Bangladesh. But in view of the practical

difficulties in deporting illegal infiltrators from India, it was decided that further tripartite discussions would be held before March 31.

The Center would give its decision by February end on the demand of the AASU and the State Government for the repeal of the Illegal Migrants (Detection by Tribunals) Act, which in their perception is a stumbling block on the identification of illegal foreigners.

The detection of the foreigners of the 1966-1971 stream, who in terms of the accord would lose their right of franchise for 10 years from the date of detection, would be completed and formulated to foreigners tribunals by September. The process of registering these foreigners would be completed by February end.

The AASU undertook to give specific suggestions by February 10 about the preparation of a list of Indian citizens living in Assam on January 1, 1966, and the Assam Government would submit its proposals in this regard to the Center by February 3. The Center would take this final decision before February 14.

Strengthening border: The Center agreed to prepare an action plan before February 15 on the construction of roads and fences on the Assam-Bangladesh border and on declaring a strip of territory along the border as no-man's land.

### BJP Asks Delay in Action in Ahodya Dispute

46001249 Calcutta *THE TELEGRAPH*  
in English 28 Jan 90 p 4

[Text] New Delhi, Jan 27: In a significant statement, the BJP [Bharatiya Janata Party] today hinted that a major confrontation on the issue of Kashmir was in the offing and appealed that "all must stand united for a purposeful national action in this regard."

The statement issued by Mr Atal Behari Vajpayee and Mr Jaswant Singh also urged "all responsible Indians not to permit inflammatory remarks from abroad to disturb communal amity within our country."

Of even greater significance was the BJP's appeal that "all plans/actions about the Ram Janmabhoomi/Babri Masjid issue, by any of the protagonists, be postponed for the sake of national good."

Asked why the BJP had thought it fit to issue such an appeal when it had earlier refused to do so at the time of the controversial "shilanyas" ceremony, Mr Vajpayee said the country faced a "new situation today." Party sources later said the BJP did not want to divert people's attention from the grim situation in Kashmir and, therefore, wanted to underplay the Ram Janmabhoomi dispute.

Despite repeated queries, Mr Vajpayee refused to clarify what he meant by a "purposeful national action." He, however, said, "India's integrity has to be defended. We have issued a very guarded statement. You have to read

between the lines. The situation is very grim and our response is very measured."

The BJP statement noted that the "present state of civic disorder in the Kashmir valley, combined with the activities of anti-Indian elements there, when seen in the light of the belligerent attitude of Pakistan, poses a grim problem for our national security."

It went on to state: "Firstly, it is largely an externally incited and assisted disturbance. Therefore, certain recent statements by the Prime Minister of Pakistan and by their foreign minister are not acceptable. These remarks amount to gross interference in our country's domestic affairs; they are provocative and contributory to heightening tension between our two countries."

#### No Communal Strife

The BJP also stated that the events in the valley were "not in any sense communal strife. It is an issue of Indian democracy to resolve democratically, not a theocratic question to be resolved by any external 'umma'. "We consider such suggestions as aggravatory."

In this context it appealed to the concerned parties to postpone any decision on the Ram Janmabhoomi dispute and said, "It is, therefore, our considered view that every effort must be made by all responsible Indians not to permit inflammatory remarks from abroad to disturb communal amity within our country."

On the possibility of direct confrontation, Mr Vajpayee added, "Pakistan tried to grab Kashmir in 1947 and failed. It tried again in 1965 and in 1971 also, Jammu and Kashmir became a battlefield. But they did not succeed. If they want to indulge in another adventure, they should not underestimate democratic India's strength and our determination to defend our territory at all costs."

PTI [Press Trust of India] adds from New Delhi: The Babri Masjid Movement Coordination committee today called for evolving national consensus "not only for the settlement of the Ahodya dispute but also for a central legislation to protect the status of all places of worship as on August 15, 1947."

#### CPI Executive Meets, Resolutions Noted

46001254 New Delhi PATRIOT  
in English 23 Jan 90 p 8

[Text] Chandigarh, Jan 22—"The situation in Punjab has taken a very serious turn as a result of spurt in terrorist activities", said the CPI [Communist Party of India] executive which met here on January 20 and 21.

"The feeling of insecurity among the common people has increased to alarming proportions due to daily killings of innocent people, extortion of money and threats of kidnapping for ransom. There are also reports of migration of people of both communities from rural areas and

of students of minority community from educational institutions", the executive said.

Releasing the resolutions the CPI executive noted that the Khalistan demand open call to prepare hit-lists of security personnel, boycott of Congressmen, withdrawal of security forces and changes in administrative setup to their linking, given by extremist forces is undemocratic.

"The so-called Punjab human rights organization instead of showing concern for killing of the innocent including activists of political parties opposed to separatism, Khalistan, fundamentalism and communalism is in reality backing the terrorists depriving all Punjabis of their right to life and property. All forces are condemning police excesses, but that does not mean that separatist-terrorist elements should be given the right to kill plunder, kidnap with impunity", quotes the statement.

The executive appealed to Akali Dal (Mann) not to shirk its responsibility falling on its shoulders as a consequence of Lok Sabha election results.

State CPI secretary Deosi said Punjab problem is not a problem of this or that community or between two communities. To project it in such a manner is wrong and divides Punjabi people and jeopardizes the traditional fraternity of Punjabis. It can be resolved only by adopting patriotic, secular, democratic approach and understanding based on consensus of all sections of people.

The executive felt that the V.P. Singh Government has started a correct process to resolve this lingering tragedy through national consensus.

The all-party meeting at Delhi and Ludhiana rally on January 11 were steps in the right direction. But unfortunately Akali Dal (Mann) is still dilly dallying to join in this process and laying unnecessary preconditions. In the grim situation prevailing in the State, the demand for assembly elections does not hold good.

The State committee also called upon the National Front Government not to be complacent in dealing with the situation in the State, while it is necessary to open dialogue with anyone within the constitutional framework and without compromising on the national unity and integrity and secular democratic setup of the country.

The executive called upon its units and members to render all help in the agitation being carried on by the Kisan Sabha and Khet Mazdoor Sabha and trade unions for the vital demands of our toiling masses.

The executive paid homage to the late Gurcharan Singh Randhawa, former secretary of Punjab CPI(M) [Communist Party of India-Marxist].

**Papers Report on Developments in CPI-M**

**Visits to Moscow, Beijing**

46001255 *Calcutta THE TELEGRAPH*  
in English 28 Jan 90 p 6

[Article from Manini Chatterjee]

[Text] New Delhi, Jan 27: A high-level CPI (M) [Communist Party of India-Marxist] delegation will be visiting Moscow and Beijing immediately after the Assembly elections to discuss the situation in East Europe, the ethnic turmoil in the Soviet Union and the general crisis being faced by socialism with the CPSU [Communist Party of the Soviet Union] and CPC [Communist Party of China] leadership, it is learnt.

The four-member delegation will comprise the CPI(M) general secretary, Mr E.M.S. Namboodiripad, senior Politburo members Mr Harkishen Singh Surjeet and Mr M. Basavapunniyah, and the central secretariat member, Mr Sitaram Yechury. The delegation is likely to leave on February 28 or in the first week of March.

The CPI(M), which will hold a full-fledged central committee meeting to discuss developments in the socialist world, has decided to send its top leaders to the Soviet Union and China to get the socialist leaderships' own assessment of the changes sweeping their erstwhile bastions. The CPI(M) leaders are expected to meet the CPSU general secretary, Mr Mikhail Gorbachev, and the Chinese elder statesman, Mr Deng Xiaoping, apart from a host of other leaders in the two countries.

The CPI(M), which at various points in its 25-year-old history has taken positions against both the CPSU and CPC, plans to hold free and frank discussions with the leaders in these two countries. The CPI(M), which is one of the few Communist parties in the world to have run elected governments in a "bourgeois" set-up and made use of private capital for industrial growth, is also likely to share its experience with the Soviets and the Chinese who are both trying to open out their countries to some measure of private and individual enterprise.

Besides, the CPI(M) is particularly concerned over the outbreak of ethnic feelings in the Soviet Union. Given the fact that India is also groping with methods to solve the nationalities' question, the Soviet Union's experience and failure in this respect will be discussed at length.

The CPI(M) Politburo in its preliminary assessment of developments in Eastern Europe had severely criticized the Communist leaderships in these states for distorting and deviating from Marxist-Leninist principles of socialist democracy and legality, but, at the same time, attacked attempts to restore capitalism in these states.

**Interview With Basu**

46001255 *Calcutta THE STATESMAN*  
in English 12 Jan 90 p 12

[Text] The reappraisal of the past in some Socialist countries and the events there are being followed with interest by the CPI(M) [Communist Party of India-Marxist]. The party has been studying the past and the present situation in these countries and taking note of how the Communist Party of the Soviet Union regards its own condition and ways of overcoming the difficulties. "We agree with some of these ideas and disagree with others", Mr Jyoti Basu said in an interview in a recent issue of The World Marxist Review, the theoretical and information journal of Communists and Workers' Parties the world over, published from Prague.

Perestroika and glasnost "are also manifested in international affairs", the West Bengal Chief Minister was quoted as saying. The CPI(M) supports the Soviet Government's initiatives aimed at averting war and strengthening peace. He felt that Mr Mikhail Gorbachev's concrete proposals at the United Nations were of great interest. Pointing out that the real successes in disarmament were a source of tremendous satisfaction, he said "the two Communist parties of India are pooling their efforts for the large-scale struggle for peace".

A copy of the journal carrying the interview was presented to Mr Basu at Writers' Buildings on Wednesday on behalf of the Novosti Press Agency and the editorial board of the World Marxist Review by Mr S. S. Astafiev, Consul and head of the USSR Information Department in Calcutta.

To "the great changes calling for thorough scrutiny underway in the world, we may differ in our views on various issues but we must seek mutual understanding". The CPI(M) believes in Socialism "and we think the Socialist system will succeed despite the difficulties being faced by the Socialist countries", Mr Basu said.

Interviewed by Mr Rafic Samhoun, representative of the Lebanese Communist Party at the World Marxist Review in Calcutta, Mr Jyoti Basu felt that there ought to be more discussions among Communist parties in the world. Since there is no single world center to direct the Communist movement throughout the world, the differences and problems rooted in the past remain. "We believe a dialogue could help solve these". The CPI(M) always held that Communists must have regular bilateral meetings, Mr Basu said. He However, maintained that no experience or system could be imported: it was up to the people of each country to decide their own destiny and to solve their own problems.

The Chief Minister touched on a wide range of issues and to a question on the CPI(M)'s relation with the big bourgeoisie and the role of middle and small enterprise, in West Bengal, he said when the Left Front formed the Government the entrepreneurs of large industrial units panicked because "they were afraid of us as Marxists and

Communists". But later on they understood that our policies were not aimed at doing away with the private sector, big or small. Pointing out that the Front's power in this was limited, Mr Basu said "we are also in touch with the industrial houses, the monopolists, the big ones, the middle ones and so on and we explain to them the cooperation that is needed". In the present Indian situation "we are working in a mixed economy, where the private sector has definite role to play".

To a question on the "secret" of the CPI(M)'s electoral success and the forces on which it relies, Mr Basu said: "Generally speaking there are two main points". The CPI(M) had always tried to show the people through their own experience that "we rule the State better than the previous Government of the Indian National Congress which was in power (in West Bengal) for almost 29 years". The Chief Minister said his party respected democracy, relied on the masses and was in constant touch with various organizations of workers, peasants, middle class, students, teachers, youth and women and "we discuss our decisions with these organizations. That is the principle on which we work", Mr Basu was quoted as saying.

The second point "is that we have a minimum programme—an economic and social programme for the people of West Bengal. And another thing we never promise the people what we cannot do. We are clearly aware that fundamental changes cannot be brought about through the formation of a Government in this or that State".

#### Statement on Ayodhya

46001255 Calcutta THE TELEGRAPH  
in English 29 Jan 90 p 7

[Text] New Delhi, Jan 28: The CPI(M) [Communist Party of India-Marxist] Politburo today strongly condemned the Vishwa Hindu Parishad [VHP]'s decision to begin construction of the Ram temple at the disputed site of Ayodhya on February 14 and urged the Center and Uttar Pradesh government to "firmly rebuff" any such move.

In a statement, the CPI(M) said, "The VHP has refused to take cognisance of the mediatory efforts being undertaken to resolve the problem amicably. This provocative step is aimed at vitiating the atmosphere in the country on the eve of the Assembly elections to be held in eight states."

The Politburo also noted that any such activity as planned by the VHP "is designed to heighten communal tensions" and would "play into the hands of imperialist designs of destabilizing India."

Urging the central and state government to firmly rebuff any move to begin construction at the disputed site, the CPI(M) said, "they should stick to the position that the

dispute be mutually settled by all sides concerned, failing which, the court verdict on the dispute has to be awaited and abided by."

The Politburo also called upon all secular and patriotic sections "to foil this conspiracy to disrupt communal amity and build up public opinion to maintain peace and communal harmony."

PTI [Press Trust of India] adds from Lucknow: The secretary of the Uttar Pradesh state committee of the CPI(M) expressed grave concern at the reported statement of Mr Ashok Singh, secretary, Vishwa Hindu Parishad, that construction of the Ram temple would begin on February 14.

In a statement issued here on Sunday, she said the CPI(M) was not against the construction of the Ram temple at Ayodhya, but the demolition of the mosque for the construction of the temple amounted to "demolishing the democratic secular structure" of the country.

He appealed to the central and state governments, not to allow anyone to play with the unity and freedom of the country.

#### Position in Kerala

46001255 New Delhi PATRIOT  
in English 13 Jan 90 p 4

[Article by N. Kunju]

[Text] It may look farfetched to connect CPI-M [Communist Party of India-Marxist] setback in the Lok Sabha elections in Kerala to the freedom movements sweeping all over the Communist world. But such a connection very much exists, though people outside Kerala may not be aware of it.

The developments in the Soviet Union and its East European allies have rattled the Communists in Kerala. With a large number of cadre grounded in Marxism-Leninism through study-classes and reading books from Soviet Union made cheaply available, communism has almost become another religion in Kerala. Like any other faith, communism too when it becomes religiously sacrosanct, tends to become fundamentalist with its followers becoming intolerant towards others with different faiths. The slightest deviation or difference with the leadership becomes heresy. The non-conformist Communists are ex-communicated and are often considered greater enemies than the class enemy.

The Kerala Communists have a tradition of extolling the Soviet Union as a perfect ideal. More people in Kerala must have wept than in the USSR, when Stalin died. The religious-like fervor created in the cadre is one reason why Stalin is still held in high reverence by CPI-M, despite the destalinization in the USSR. Even in the recent CPI-M Congress held in Trivandrum, Stalin's pictures adorned important places along with those of Marx, Engels and Lenin.

The working of the CPI-M in Kerala too is in the Stalinist style. Rigidity and intolerance rule supreme. The people of Kerala are generally progressive, but the circulation of Communist Party newspapers is very meager, while orthodox and capitalist controlled papers like Malayala Manorama and Mathrubhoomi are read by almost all. The reason is that party papers carry more views (one-sided) than news.

Some time back, CPI-M Secretary EMS Namboodiripad wrote an article criticizing noted Marxist economist Dr K. N. Raj in a party newspaper. Dr Raj wrote a reply to the criticism as a letter which the editor of the paper refused to publish on the plea that the party paper was only meant to express party opinions!

The CPI-M is not ideologically reconciled to a multi-party democracy; it thinks that a Communist one-party rule alone ushers in "peoples' democracy". True to Leninist formulations, the CPI-M sees the present bourgeois democracy only as a means to gain popularity and power to establish its one-party democracy.

The old leadership of CPI-M is unable to comprehend glasnost and perestroika. They are as perturbed, as the Communist orthodoxy in the Soviet Union, with the radical changes taking place in the Soviet society. Politburo member B. T. Randive openly criticized the democratization and economic liberalization in the Soviet Union under Gorbachev's leadership. This is the first time Indian Communists are criticizing the actions of the Soviet authorities. Unlike some of the Euro-Communists, they never raised any objection when Soviet armed forces crushed liberalization endeavors in Czechoslovakia and Hungary. Also Indian Communists condemned Poland's Solidarity trade union as a subversive movement masterminded by US imperialism. However when the Soviets themselves corrected their wrong perceptions, the Indian Communists do not even dare to say sorry. What is more, some of those farsighted Communists who dared to be critical of Soviet interventions, were mercilessly persecuted by the Indian leadership. One of the greatest Marxist thinkers in this country, the late K. Damodaran, had this bitter experience, which he recounted in an interview to UK-based Marxist activist Tariq Ali.

"In 1968, the National Council (of the CPI) unanimously passed a resolution approving the measures being carried out by Alexander Dubcek (in Czechoslovakia) and pledging its support to socialism with a human face. Then came the military intervention of the Soviet Union. Immediately a discussion began and a number of us visited the Czech embassy in new Delhi to collect all the material on the Communist Party in the country. There was an even split in the National Council. I think that those who supported the Soviet Union had 35 votes and we had 34. There was further discussion and later we had the majority.

"Once the party leaders realized they were going to be defeated, they became very reconciliatory and suggested

that we should not take an immediate vote, but should open a three-month discussion period throughout the party and circulate all the relevant documents. I agreed because I thought that it would be a good thing if all the literature on the question was discussed throughout the party. It could do us nothing but good to have a real debate. But this promise was never kept.

"The next council meeting took place four months later. At that time, we had been deluged by visitors from the Soviet Union. Some of them discussed with me as well, but I was not convinced one bit. In fact, I edited a book entitled *Whither Czechoslovakia?* under a pseudonym, in which all contributors were pro-CPI [Communist Party of India], but opposed to the Soviet line. I made sure that no contributor could be attacked as the enemy of the CPI. I was questioned about the book in the meeting. I was rebuked and an instruction was sent out that this book was neither to be distributed nor read by any CPI members. A public censure of me was proposed in the party press... The censure was published in a small corner of *New Age...*"

Recently Soviet President Mikhail Gorbachev and leaders of the other four Warsaw Pact countries, in a joint statement, said that by sending the troops to Czechoslovakia in 1968, they not only disrupted the normal process of democratic renewal but indulged into an illegal action which had long term negative consequences. The Soviets may say sorry, but not the Indian Communist leaders. Poor comrade Damodaran is not even excused posthumously, though Namboodiripad and party owe an apology to him.

In Kerala the CPI-M leadership shows no sign of liberalization and openness. Some time back, a leader with mass following and a brilliant record of performance in the Assembly, M. V. Raghavan, was expelled from the party for mere differences in tactical perceptions. Lately, a noted Communist intellectual and former editor of the party newspaper *Deshabhiman*, P. Govinda Pillai, was censored for criticizing the Chinese authorities for brutally suppressing the students' freedom movement. Several youth leaders of the party were expelled for the same reason. All this showed that the CPI-M in the State has not been able to move with the times and has become stagnant in the Stalinist swamp.

Naturally, the intellectuals of Kerala, who wield considerable influence on a literate populace with a voracious reading habit, could not be uncritical of the CPI-M's ways. This had not only made the people skeptical of the party's sincerity but also confused the cadre about the correctness of party policies. Those who looked upon the Soviet system as a perfect society were frustrated with the outpouring of news of scarcity, prostitution, regional imbalances, communal tensions and every other evil that menaced capitalist countries and specially India.

The myth of a Communist country being a workers' paradise was burst with the Berlin wall when people from the 'paradise' ran out into the capitalist 'hell'. The failure

of the Communist leaders to convince the cadre about the need for change, made confusion most confounded. They could no more explain the bad news as imperialist propaganda, because the news came now from New Times and Moscow News. If it were in their power, Indian Communist leaders would have banned the soviet newspapers as Fidel Castro has done in Cuba.

The CPI-M leaders are now saying that the splitting of non-Congress votes by the BJP [Bharatiya Janata Party] caused the failure of the Left Front in Kerala. The CPI-M had identified the BJP as a communal party and as more dangerous than the Congress. Then how can one assume that the people who voted for BJP would have voted Communists if the BJP had not put up candidates?

And, what prevented the CPI-M to have an understanding with the BJP for a one-to-one fight against the Congress? The CPI-M joined BJP in all its fight against Congress government in Parliament. The CPI-M MP [Member of Parliament]s resigned from Parliament along with BJP members demanding the resignation of Prime Minister Rajiv Gandhi. Leaving a couple of seats to BJP would not have very much affected the secular purity of the CPI-M. It would have certainly fetched more seats for the Left Front. But the CPI-M persisted in a dog-in-the-manger policy, to end up in supporting a government in the Center that could exist only with the BJP vote.

**Panel on Scheduled Castes, Tribes Issues Report**  
**46001260 Bombay THE TIMES OF INDIA**  
*in English 20 Jan 90 p 5*

[Text] New Delhi, January 19: The national Commission for Scheduled Castes [SC] and Scheduled Tribes [ST] had recommended that the Central government should take steps to see that special courts are set up in states for trying cases involving atrocities against SC and ST, reports PTI.

In its report on the problem of untouchability, it said the performance of the special courts should be critically monitored in terms of mobility and timely disposal of cases.

It said the study carried out showed that three of the seven sample states did not have special courts and "the whole provision would get defeated if the cases remained pending for unduly long periods".

The report also suggested that the Central government should prepare a compendium of guidelines issued to states and Union territories on matters relating to the eradication of untouchability.

The study showed that the contribution of the voluntary organizations in the task of removing untouchability has gradually been on the decline. The incentive being given to the grassroot workers was also on a low-scale, it said.

The Commission recommended that the Central government should review the impact of work done by voluntary organizations keeping in view their resource constraints.

The report suggested that in order to generate healthy competition among social workers, a state government should consider launching a scheme of giving rewards along with commendation certificates to social workers for their outstanding contribution towards eradicating untouchability.

The report recommended that the Central government should review the facilities, including legal aid, being provided by state governments to the victims of untouchability and issue guidelines to ensure the proper implementation of the provisions of the Protection of Civil Rights Act, 1955. It also felt that state governments should ensure that special public prosecutors are appointed or earmarked to deal exclusively with cases under the Protection of Civil Rights Act in states where there is no such arrangement.

**Composition of Home Affairs Advisory Panel Told**  
**46001263 Calcutta THE TELEGRAPH**  
*in English 24 Jan 90 p 5*

[Text] New Delhi, Jan 23 (UNI): The government has constituted the consultative committees of members of Parliament for several ministries, according to an official release here today.

The home minister, Mufti Mohammad Sayeed, will be the chairman of the committee for home affairs.

The Lok Sabha members in the consultative committee of home affairs are Messrs Ramjilal Sumar, Keshari Lal, Ram Dhan, Janeshwar Mishra, Rasheed Masood, Ganga Charan, L.K. Advani, Vijay Kumar Malhotra, Nand Kumar Sai, Somnath Chatterjee, Indrajit Gupta, S.B. Thorat, D.S. Bhuria, J.P. Agarwal, Manoranjan Bhakta, M.J. Akbar, Sontosh Mohan Dev, A. Asokaraj, Nani Bhattacharya, Pyarelal Handoo, Amar Ray Pradhan, Kirpal Singh, Ibrahim Sulaiman Sait, S.S. Owaisi and Prof M Kamson.

The members of the Rajya Sabha in the consultative committee are Messrs Subramanian Swamy, T.R. Balu, Pramod Mahajan, Samar Mukherjee, Bhubaneswar Kalita, S.N. Deshmukh, K.C. Lenka, Asad Madani, Tirath Ram Amla, and Mrs Bijoy Chakraborty.

**Developments in the Field of Agricultural Policy**

**Singh Addresses Farmers**  
**46001264 Bombay THE TIMES OF INDIA**  
*in English 29 Jan 90 p 1*

[Text] New Delhi, Jan 30. The Center proposes to set up a seven-member advisory committee, consisting of representatives of farmers of different regions, to advise the Government on agriculture policy matters, according to

the Prime Minister, Mr V.P. Singh. The Government will periodically interact with the committee members in deciding matters relating to agriculture including the price policy.

The Prime Minister was announcing a package for farmers as part of the National Front election manifesto commitment to spend half of the Plan outlays in the Eighth Plan on agriculture at a convention of farmers organized by the Front.

Mr Singh said these included more remunerative prices, a countrywide network of godowns and warehouses, relief from debt and provision of cheap and timely credit, crop insurance, strict implementation of land reforms and improved access to water.

The Prime Minister said agriculture held the key to development and the declining proportion of allocation of investible funds for agriculture was a disturbing phenomenon. "We intend to reverse this trend. We have already decided that agriculture and rural areas should get at least half of the investment outlays in the eight plan."

#### Expert Panels

On the issue of according industry status to agriculture, the Prime Minister said a committee under the leadership of the former Union Agriculture Minister, Mr Bhanu Pratap Singh, had been set up to examine it. The committee would review the existing programmes, facilities and incentives available for promotion of agriculture and industry and implications and desirability of declaring agriculture and industry.

He sympathized with the long-standing grievance of farmers on insufficient prices for their produce. An expert committee under the Chairmanship of the former Planning Commission Member, Dr Hanumantha Rao, had been set up to examine the design, content and methodology adopted in regard to generation of cost of production, to review the terms of trade between agriculture and non-agricultural sectors for safe-guarding the interests of farmers and to recommend steps to improve the remunerativeness of crop production.

"We expect that the committee will submit its report expeditiously and that we will be able to take action to fix remunerative prices without delay. We intend to introduce the new methodology with effect from this kharif season," Mr. Singh said.

In computing the cost of cultivation, the cost of farm labor should be taken at the prescribed minimum wage or the actual wage whichever was higher. Similarly, the managerial functions performed by the farmer should be adequately reflected in the prices fixed.

Mr Singh said the Government valued the involvement and participation of the farming community in the formulation of its agriculture policy.

#### Distress Sale

The Prime Minister said instances of distress sales of farm produce for want of marketing facilities in rural areas were common and it could be prevented only by creation of suitable facilities for storage in the production areas. A special action programme for creation of rural godowns was under consideration.

The Government was looking into the details of the crop loan insurance scheme and steps were being taken to make it more effective and beneficial to the farmers. On irrigation, he said "the essential needs is to make water available in the right quantity at the right time and at realistic rates."

Mr Singh said prosperity of the farm sector was inseparable from the well-being of farm labor. "We are committed to working out arrangements for giving them a better life, real and fair wages and a larger share of the fruits of rural development. Implementation of land reforms, provision of employment to the unemployed and the underemployed in the rural areas, removal of illiteracy, the full participation and involvement of our people in planning and administration through a genuine panchayat raj approach, are some of the commitments of the Government."

The Deputy Prime Minister and Agriculture Minister, Mr Devi Lal, and the Union Labor Minister, Mr Ram Vilas Paswan, were among the National Front bigwigs who attended the convention.

#### Panel on Farm Policy

46001264 Madras *THE HINDU*  
in English 31 Jan 90 p 1

[Text] Nagpur, January 28. The Prime Minister, Mr V.P. Singh, said here today that the government would take into account the payment to farm labor under the Minimum Wages Act as well as crop management while fixing support prices for agricultural produce.

Addressing a mammoth kisan rally organized by the Shetkari Sanghatana at the Dikshabhoomi ground, Mr Singh also declared that the new government would cancel pending order for the import of rice.

The Prime Minister said amidst cheers that the Center had already accepted the proposal to set up [words illegible]. His only request to the state chief minister, Mr Sharad Pawar, was that he should return to the Center the draft proposal at the earliest so that the matter could be finalized during the budget session of Parliament.

Referring to the loan waiver, "karj maafi", demand, he declared that economists and others were warning him that this would cost the government over Rs 14,000 crores. "But I have already given my word. What is the value of my word (otherwise)", he said. He clarified that he was talking of his assurance of "karja mukti" (liberation from debt) and not of "karja maafi" (waiving of bank debt).

Welcoming the Prime Minister, the Shektari Sanghatana supremo, Mr Sharad Joshim said while the people talked of the Rs 63-crore [words illegible], they forgot that the farmers were robbed of Rs 10,000 crores every year.

He assured the Prime Minister that if he waived bank loans to farmers, in return the farmers would produce bumper crops, irrespective of a good or bad monsoon, which would more than make up for the amount involved in waiving the farmers' loans.

Mr Joshi referred to the seed of communal hatred being sown in the countryside over the Ramjanambhoomi issue and appealed to the farmers not to be carried away by religious leaders and fight communal forces.

Earlier, while unveiling the statue of the eminent educationist and former Union agriculture minister, Mr Punjabrao Deshmukh, at the agriculture college, Mr Singh said the increase in the cost of inputs between the period of announcement of the support prices and the actual harvest would also be taken into account for fixing the support prices.

Mr Singh said pressure from the farm labor for better wages had been a constant source of conflict. The farmers at times, could not afford to pay minimum wages on account of lack of remunerative prices and the increasing cost of production.

The Prime Minister said the gross disparity in pricing of agricultural produce and the production costs had created an imbalance in the rural economy and agricultural development. This was because most returns earned from agriculture flowed out of rural areas to urban areas. This imbalance must be removed by ensuring remunerative prices based on cost of production for agricultural produce to achieve the much-needed balanced development of rural areas where the real India lived.

UNI [United News of India] adds: Mr Singh also pointed out that there was progress in only those areas where irrigation facilities were available and said his government would take effective measures to remove the imbalance prevailing in the irrigation sector.

Paying rich tributes to late Dr Punjabrao Deshmukh for his contribution in the field of education and for linking agriculture with education, he said he was a real social reformer. It was owing to dedicated and committed educationists like Dr Deshmukh that basic socio-economic transformation took place in the life of rural masses.

He lamented that in modern days education was getting detached from agriculture. Rural youths after obtaining education did not return to villages but preferred white-collared jobs. But the youths were not to be blamed for this as the present social system—in which the workers were looked down upon and there was no respect for dignity of labor—was responsible, he said and emphasized the need for reversing the system.

Meanwhile, four activists of the Shetkari Sanghatana were killed and a few others were injured in a road accident today.

### New Equipment in Republic Day Military Parade

46001245 Madras *THE HINDU*  
in English 27 Feb 90 p 1

[Text] New Delhi, Jan 26.—A rousing spectacle of the country's power and pageant marked the 41st Republic Day parade in the capital today. A microcosm of the country's best in terms of defence preparedness and the rich cultural tapestry was on view for millions of people who watched it from the stands between Vijay Chowk and the India Gate along Rajpath and from television sets at home.

A joyful crowd had taken up vantage positions on both sides of the 11-km parade route up to the historic Red Fort. As if keeping with the general mood of the nation, the winter weather for once was pleasant.

The President, Mr R. Venkataraman, took the salute from the mounted, mechanized and marching contingents of the defence, paramilitary and police forces besides witnessing a varied thematic display of eye-catching pageants and tableaux.

The Prime Minister of Mauritius, Mr Anerood Jagnauth, was the guest of honor. Among the other dignitaries were the Vice-President, Dr Shankar Dayal Sharma, the Prime Minister, Mr V. P. Singh, the Deputy Prime Minister and Agriculture Minister, Mr Devi Lal, the National Front Chairman, Mr N. T. Rama Rao, the three Service chiefs; Ministers and members of the diplomatic corps.

Incidentally, this was the first major national function after the National Front took office. The former Prime Minister, Mr Rajiv Gandhi, was present in the distinguished guests gallery.

**Homage to martyrs:** The day's programme commenced with the Prime Minister and the three Service chiefs paying homage to the soldier-martyrs at the Amar Jawan Jyoti at India Gate. Wreaths were laid, the Last Post was sounded and a two-minute silence was observed. Later, the Prime Minister drove to the saluting dais in a white Ambassador car.

At 9:58 a.m. sharp the President's motorcade, accompanied by his mounted bodyguards, drew near the saluting base. As the President unfurled the Tricolor, the bands picked up the National Anthem and the 21 guns boomed in salute.

**Rose petals for VVIPs:** Even as people settled on their seats, four MI-17 helicopters flew in formation towards the saluting base showering rose petals on the VVIPs and the people in the stands. While the lead helicopter was trooping the National Flag, the one following carried the Inter Services Ensign.

Leading the parade, was the General Officer Commanding, Delhi Area, Major General Vinod Badhwar. Close on his heels were the proud winners of Param Vir Chakra, Ashok Chakra and Victoria Cross.

The Army Contingent was led by the mounted column of the 61 Cavalry which was followed by yet another mounted column of the Army Service Corps on elegant horses. The rear was brought up by the contingent of Remount and Veterinary Corps, consisting of 24 dogs along with their trainers.

Leading the mechanized column was the Vijayanta tanks of 88 Armored Regiment, followed by the T-72 tanks equipped with 125 mm guns. Then it was the turn of the 169 Field Regiment equipped with the 105 mm light field guns and the 130 mm self-propelled gun catapult contingent from the 24 Medium Regiment.

Behind was the 219 Medium Regiment equipped with the by now "infamous" 155 mm medium guns which are the most sophisticated ones. The Regiment, which was previously equipped with 130 mm guns, was in November 1988 re-equipped with 155 mm weapon systems which gave an excellent account of itself during field firing in Rajasthan.

New radar: For the first time on display was the new radar called "The Fly Catcher"—giving the 323 Air Defence Regiment equipped with the 40 mm L-70 guns, an all-weather capability. As the name suggests, this radar can catch anything that flies.

These were followed in turn by a battery of 513 Air Defence Missiles Regiment equipped with the surface-to-air missile system called OSA (AK) followed by the latest acquisition of the Indian Army—a battery of strela 10m missiles of the Light Air Defence Missile Regiment. Next came the troop of Cymbaline FAX 100 Radar.

Also on display were the tank trawls, which carry out mine field clearance in the battle field; the AM-50 Bridge vehicles; the PMS Bridging equipment, the unique armored amphibious vehicles called the Combat Engineer Tractor; the indigenously manufactured Mobile Troposcatter; BRDM combat vehicle equipped with Kankora and Faggor missile; the 106mm Recoilless gun mounted on jeeps and the Milan anti-tank guided missile.

Eye-catching tableau: The monotony was broken by the eye-catching EME tableau "The Siachen Float" depicting the world's highest battlefield. It is here that the brave guardians of our frontiers have been fighting heroically, braving a—50°C temperature, for the past four years. Closing behind them were the 38 expert despatch riders of the Dare Devils of the Corps of Signals presenting a perfectly balanced and well timed body of men and machines.

### **Payload for India's First All-Science Satellite**

*46001267 Bombay THE TIMES OF INDIA  
in English 29 Jan 90 p 13*

[Text] Madras, January 29 (PTI): India's first all-science satellite, (SROSS), expected to be launched from the Sriharikota range this year-end, will have a 'major payload' from the National Physical Laboratory (NPL), a unit of the Council of Scientific and Industrial Research (CSIR).

This was disclosed today by the CSIR director general, Dr A.P. Mitra, in his presidential address at the inauguration of the 25th tanners get-together at the Central Leather Research Institute (CLRI) here today.

Dr Mitra, who was referring to 'spectacular' developments of the CSIR in frontier areas of science and technology, said new materials for high temperature superconductivity had been prepared and the first superconducting device was expected to be completed by March 1990.

The CSIR had taken up a 'major programme' with a mission-mode approach in global change problems he said. This included special experiments to monitor changes in the ecosystem, marine life and on materials arising from an increase in global warming and other factors, he added.

### **IRAN**

#### **Officials Allegedly in Disarray Over Romanian Ties**

*900A0315B London AL-DUSTUR  
in Arabic 15 Jan 90 pp 15-16*

[Article by Dr. 'Ali Nuri Zadeh: "Romanian Ghost Stalks Mullahs"]

[Text] Last Friday, 12 January 1990, in a demonstration concocted by the Iranian intelligence service in Qom against Khomeyni's previous successor, Ayatollah Mantazeri, the demonstrators shouted slogans calling for Mantazeri's death and an end to his plots against the Islamic leadership, represented by the leader of the imams, Ayatollah 'Ali Khamene'i. AL-DUSTUR's sources pointed out that the recent outcry against Mantazeri came at a time when the regime itself feels besieged on all sides and incapable of breaking out of this encirclement. Perhaps the statement of Ayatollah Mantazeri, during a meeting with one of the members of the opposition Iranian Liberation Movement, was the best description of what is going on in Iran. According to Mantazeri's words, Khomeyni's legacy was that they agreed to disagree. Since Khomeyni's death, while some expected the transition from the Khomeyni stage to the Rafsanjani era to be calm, there were others who predicted that Rafsanjani would bring political, economic, and social miracles. In a speech, Engineer Mehdi Bazargan, leader of the Iranian Liberation Movement,

pointed out that the new era was no different from the bygone era, and he said that the miracle of Monsieur le Shaykh would not be greater than "the cow" that the Samaritan brought!

Today, the observer has a number of facts confirming that the regime, founded by Khomeyni to prepare a suitable foundation for the emergence of the Imam al-Zaman, has concluded its mission, and that the emergence is not far off. These facts can be summarized by the following points:

1) The alliance of Rafsanjani and 'Ali Khamene'i, which got them the presidency of the republic and the leadership of the revolution, has completely dissipated. The enmity between the son of the pampered imam, and the product of his age, has returned again. Today, the two men can only think of putting one or the other out of power.

2) It has now become clear that the promises that the Iranian people received from the Imam's legacy are no different from the promises of the Imam himself, when he was out of power in Paris. The economic miracle has not happened, and the government of technocrats, which was expected to bring solutions to the illnesses from which the Iranian society suffers, has changed into dealers in hard currency on the black market, in order to pay the salaries of government officials, through speculation on the price of the dollar.

3) The dictatorship of the Imam, which caused the Iranian citizen to be afraid of his own shadow, has been replaced by a dictatorship of the imams, instead of just one imam. The Iranian citizen has now become threatened by 40 imams.

4) The end of Iran's isolation, and the establishment of bridges to the world, which were in the forefront of 'Ali Khamene'i and Rafsanjani's program, not only have not been achieved, but rather, Iran's isolation has increased, so that it has now become the only country in the world that the West hates and the East does not respect. The oppressed of the world consider the ruling regime in Iran to be a hypocritical regime that has betrayed the hopes of the oppressed. The head of this regime says that our Iranian people are an oppressed people, without making it clear how people whose savings amount to 70 billion dollars can be called oppressed.

5) The regime no longer has allies in the world, except for Hafez al-Asad, who does not trust the regime.

As for the other ally, fellow fighter Ceausescu, he has joined the late Imam and has left his close friends in Tehran to face the people, who are wondering what the justification was for former president Ceausescu's visit to the capital of the Islamic Republic two days before his overthrow.

6) The question of peace with Iraq, which Rafsanjani promised—on the day he assumed the presidency—

would come within weeks, is still on its way. Reconstruction of the areas destroyed in the war, which 'Ali Khamene'i said, when he entered the leader of the revolution's palace, would be in the forefront of the government's program, has not progressed even one step. On the contrary, rebuilt areas are also threatened with destruction. According to the representative of Shadkan on the Islamic Advisory Council: "We are in a time when Iraq has finished rebuilding Basra and al-Faw, while we look for the necessary budget funds to build a cultural center in Australia, and while 6 million people in Khuzestan are still dreaming night and day of returning to their towns and villages."

For those who follow events in Iran, the demonstrations against Mantazeri were no surprise. After he made his famous statements against the practises of Khomeyni and his regime and chose the schoolroom instead of the chair of leadership, Mantazeri was transformed into a symbol of the Iranian people against the ruling dictatorship. His sitting room has become a rallying center for opponents of the regime, especially senior clergymen and teachers, who so far have refused to recognize 'Ali Khamene'i's legitimacy as Vali'ye Faqih and leader of the revolution. It is worthy of note that on the evening of Khomeyni's death, when Rafsanjani took out of his pocket Khomeyni's order to choose 'Ali Khamene'i as his successor, during the emergency meeting of the Council of Experts to elect the leader of the revolution, agreement was reached that Khamene'i would be a political leader of the country, and that the Religious Leadership Council would revert to its rightful owners, that is, the five senior authorities, who are:

- 1) Ayatollah Mohammad Reza Golpaygani, 92;
- 2) Ayatollah Shahabeddin Mar'ashi-Najafi, 94;
- 3) Ayatollah Hasan Tabataba'i-Qomi, 87;
- 4) Ayatollah Mohammad Rohani, 80; and,
- 5) Ayatollah Sadeq Rohani, 76.

Immediately after this agreement, two of the supreme authorities, Golpaygani and Mar'ashi-Najafi, announced their support for 'Ali Khamene'i, by considering him leader of the revolution, while the brothers Rohani adopted a position of silence. Ayatollah Qomi refused to recognize Khamene'i, even within the framework of his limited responsibility as leader of the country.

After 'Ali Khamene'i assumed leadership, and his partner Rafsanjani took over the tasks of the presidency through the stage-play elections, political leadership was insufficient. On the contrary, the two quickly began to issue religious decrees and meddle in matters that the proper authorities, whom they ignored, were far more qualified to deal with.

A glance at the regime's press during the last six months, and a look at the process of changing Ayatollah 'Ali Khamene'i, leader of the revolution, into leader of the imams, Vali'ye Fiqih, deputy of the Imam al-Zaman,

Khalifah of God on earth, the contemporary al-Husayn, the living martyr, etc., reveals that Khamene'i's plans to impose himself as the supreme authority in Iran, and in the Islamic world, was well thought out. Its implementation is by stages and gradual.

Rafsanjani, who began as a partner of Khamene'i's, has known his partner's game for some time and, in view of the fact that he does not have the necessary credentials to compete on a religious basis with Khamene'i, he has tried to seek help from religious institutions. He sent his representatives to senior clergymen to announce his exoneration, which is going on in Iran today. He told them that the decision is no longer in his hands, and that 'Ali Khamene'i, who it was decided would not exceed the limits proscribed for him, was dragging the country into a bottomless pit. At the same time, the Iranian president contacted Ayatollah Mantazeri, asking him to take the initiative to save what remained of the revolution, and to prevent happening in Iran what had happened in Eastern Europe.

According to a source close to Mantazeri, Khomeyni's isolated successor, who had not forgotten Rafsanjani's role in his isolation, used the opportunity not to strike at just Khamene'i, but rather, to strike at the two evils simultaneously, while directing his criticisms at Khamene'i, by virtue of the fact that he was religiously unqualified to meddle in affairs that properly concern the authorities. During his lectures, Mantazeri distributed an open letter to the people, in which he explained the dimensions of the dangerous situation prevailing in Iran as a result of mismanagement, the continuation of disputes, and the increase of corruption, bribery, atrocities, and addiction, but without mentioning names. Mantazeri said that the downfall of the regimes in Eastern Europe proved the futility of fascist methods to oppress the people, and that those who believed that executing narcotics victims in the streets and chopping off people's heads in public places would lead to a lessening of popular wrath, have either not learned the lesson of history, or perhaps have become afflicted with the same sickness that Stalin suffered.

According to AL-DUSTUR's sources in the Iranian capital, the demonstration organized by the revolutionary committees, and those allied with 'Ali Khamene'i against Mantazeri, reveals the extent of the regime's fears over a repetition in Iran of what happened in Romania.

The ghost of the Romanian guest, Ceausescu, is still stalking his hosts in Iran, who no longer have any doubt that their fate will be no better than the fate of their guest, who was executed by a firing squad, if the opposition by individuals broadens into popular opposition, and if the now silent voices of opposition become the sole worry of the regime.

According to AL-DUSTUR's information, last Saturday, that is 24 hours after the demonstration against Mantazeri, a huge, spontaneous demonstration took place in

Qom, in which hundreds of civilians and clergy participated in support of Mantazeri. During this demonstration, the demonstrators shouted loudly for the return of Mantazeri and Bazargan to power, to take on the tasks of guiding Iran out of its current crisis. Despite the intervention of security personnel, the demonstration lasted for an hour, and similar demonstrations followed in Esfahan and Najafabad, Mantazeri's birthplace.

In Tehran, 230 parliamentary deputies issued a statement, declaring their support for Rafsanjani and their adherence to the role of the Majlis by virtue of its being the supreme authority in the country. 'Ali Khamene'i directed a warning to all, in which he pointed out that the Vali'ye Faqih—i.e., Ayatollah 'Ali Khamene'i—was the first and last decisionmaking power in the absence of the Imam al-Zaman.

Last Monday, hundreds of copies of the statement issued by teachers holding scientific degrees, and the League of Fighting Clergy, were distributed in Tehran. The statement included support for Mantazeri's role and religious status. In light of these rapid developments, observers believe that the next few weeks will be crucial with regard to the fate of the ruling regime in Iran. While the disputes continue, and the gap widens in terms of the Imam's legacy, the possibility of a third party, whose identity has not as yet been revealed, undertaking to decide the struggle and seize power, is likely. However, a source close to the Iranian Liberation Movement thinks that the regime is approaching its end, and that the party to lead the people in their next revolution will not be one of the factions currently in power. The Iranian source recalls Bazargan's recent statements, in which he said, "I have withdrawn my recognition of the present regime, since now we are not calling for a correction, but rather, we are searching for a change." These statements were not issued without a justification, because Shaykh al-Sha'ir Bazargan is again the candidate to lead opposition to the dictatorship, which today is not wearing a crown, but rather, has put more than one turban on its head.

#### Grounds for Cooperation With Turkey Examined 90OI0202G Tehran JOMHURI-YE ESLAMI in Persian 26 Feb 90 p 2

[Text] A Turkish economic delegation composed of directors of that nation's industrial and commercial units met yesterday in Tabriz with the directors and officials of industries from the province of East Azarbaijan, and discussed areas for cooperation and exchanging goods in the framework of border trade.

The Islamic Republic News Agency reports that a group of merchants and directors of production and industrial units from the province of East Azarbaijan also took part in this meeting. The two sides talked and exchanged views concerning the export and import of goods between Turkey and Iran and they emphasized the necessity to barter goods.

At this meeting the Turkish economic delegation also declared its willingness to supply the raw materials needed by the province of East Azarbaijan's industrial units, and the Iranian side declared its willingness to export industrial products to that country.

Based on this report, during its three-day stay in Tabriz this delegation will also visit East Azarbaijan province's industrial and production units, and will become acquainted first-hand with this province's potential industrial ability and talents.

It is necessary to note that the Turkish economic delegation, comprised of directors of merchants and directors of industrial and production units from that country's eastern border provinces, has come to the provinces of East Azarbaijan and West Azarbaijan in the framework of border exchanges.

#### Official Announces Seven New Airports Under Construction

900A0315A Tehran KAYHAN AL-'ARABI  
in Arabic 6 Jan 90 p 7

[Article: Seven New Airports to be Built in Country"]

[Text] Engineer Nuriyan, head of the country's aviation organization, who was visiting Kashan to inspect, at first hand, the construction work for the airport being built in Kashan, announced that over the next five years, 31 airports will be expanded in the country. This plan will include the construction of seven new airports, the completion of work on 11 airports under construction in various parts of the country, and the completion of the new seventh international-type airport in Tehran. The purpose of this plan is to exercise better control over the country's airspace, and to achieve greater peace and security for air travel.

Nuriyan expressed the hope that Tehran would regain its position as the airport junction for East Asia and Europe, through the opening of this large seventh airport in Tehran.

Nuriyan announced that air travel would begin to and from Kashan airport, when this airport's runway is completed.

Eng. Nuriyan also visited the Seyyed ol-Shohada project to build propeller aircraft in Kashan, and met with Hojjat ol-Eslam val-Moslemin Yathrabi, the representative of the Vali'ye Faqih, imam of Kashan's Friday Mosque.

#### Rehabilitation Centers for Addicts Transformed into Work Camp

900I0202N Tehran JOMHURI-YE ESLAMI  
in Persian 26 Feb 90 p 2

[Text] Hamadan—JOMHURI-YE ESLAMI correspondent: The nation's addict rehabilitation centers are to be converted to work camps.

At a press conference round table attended by Mr. Lajevardi, chief of the National Prisons Organization, Kalantari, deputy minister of the interior for police affairs and secretary of the Antinarcotics Staff, Baboli, deputy for support and training in the National Health Care Organization, and the governor-general of Hamadan, various dimensions of the problems of addiction, the year's accomplishments in the Antinarcotics Staff, the forced labor camps, and the achievements of the joint seminar for the nation's western provinces at Hamadan in the matter of the antinarcotics campaign were discussed and studied.

At this meeting, while announcing the above, Mr. Lajevardi said that one of the ways of dealing with addicts is sending them to forced labor camps. He said: In addition to vigorous physical exercise to purge poisons in the body, every addict in this camp must perform eight hours of exhausting labor with an implement of punishment, and at all times and in all circumstances the addicts must obey the regulations and follow the plans announced to the camp.

He issued a warning to narcotics smugglers and said: If the merchants of death do not abandon their filthy profession, they will be dealt with in the harshest manner possible.

The chief of the National Prisons Organization also criticized some of the programs of the Vision of the Islamic Republic, where smoking cigarettes is portrayed. He said that cigarettes are the doorway to addiction and expressed the hope that television will work more seriously to uproot narcotics and addiction by utilizing useful programs.

As the meeting continued, Mr. Kalantari, secretary of the Antinarcotics Staff, evaluated this staff's accomplishments for the year, and said that unity of method among the organizations involved in the antinarcotics campaign was one of the staff's important achievements. He added: With the formation of strike battalions and the closing of the nation's eastern outlets, in the last year more than 100 large and small gangs of narcotics smugglers have been destroyed.

He announced that in the United Nations Commission narcotics cultivation in Iran has been stopped and he rejected the West's propaganda attempts to deny the measures taken by the Antinarcotics Staff and the merchants of death. He said: At this time the Islamic Republic of Iran is known in international circles as a successful country in the antinarcotics campaign.

As the meeting continued, the deputy minister of the interior for support and training in the National Health Care Organization explained some of the duties of the Health Care Organization in the antinarcotics campaign and he said that the duties of this organization are sensitive. He said: There are 16 forced labor camps planned throughout the country, and in addition to assistance from the Antinarcotics Staff, an annual sum of

one million rials credit has been allocated to the rehabilitation centers and the forced labor camps.

As the meeting continued, the governor-general of Hamadan, taking a positive view of the West Iran Joint Antinarcotics Staff Seminar, said that the aim of this seminar is to exchange information and experiences among the governors-general of Hamadan, Lorestan, and Bakhtaran. This official discussed the achievements of the seminar. He said: In this seminar, after the formation of the four commissions for judicial affairs, police affairs, forced labor camps, and propaganda, after talks and exchanges of views arrangements were made to form special antinarcotics strike battalions in all three provinces. The personnel of these battalions will be from the provinces themselves, and their resources will be provided by the Central Antinarcotics Staff.

#### Last Redistribution of Kerosene Coupons in Tehran Area

90OI0202H Tehran JOMHURI-YE ESLAMI  
in Persian 25 Feb 90 p 10

[Text] News Department—The Public Relations Office of the Iran National Oil By-products Distribution Company, addressing all residents of Tehran and Karaj, both in the city and in its outskirts, who heat with gas oil and municipal gas, announced: Kerosene coupons will be distributed for the last time for gas-burning and furnace-owning families from Saturday 12/5/1368 [24 February 1990] until the end of the day Tuesday 12/8/1368 [27 February 1990] for four business days between the hours of 12:30 and 17:30 by the branch offices of the province Export Bank.

Clearly, after the completion of the distribution, all the coupons will be collected from all the branch banks and distribution will be stopped.

#### Additional Yield of Wheat in Eight Provinces Examined

90OI0202I Tehran JOMHURI-YE ESLAMI  
in Persian 25 Feb 90 p 10

[Text] Ahvaz—JOMHURI-YE ESLAMI correspondent: A meeting was held between officials of the Staff for Wheat and Grain Harvest Affairs in the provinces of Ilam, Hamadan, Bakhtaran, Kordestan, Lorestan, Fars, Kerman, and Khuzestan for the purpose of cooperating and studying the proposals necessary for a larger wheat harvest.

This three-day meeting was attended by representative wheat growers from the Province of Khuzestan, an official of the Harvest Staff of the Ministry of Agriculture, the governor-general, and the Friday imam of Ahvaz. The Khuzestan province General Manager of Agriculture gave a talk in which he said: The average sugar beet harvest is 62.5 to 63 tons per hectare, which is the highest in the country.

Then the governor-general of Khuzestan spoke, and said: About one-third of the nation's water is in Khuzestan, and agricultural reconstruction in this province must be given priority.

In conclusion, the Ahvaz Friday imam spoke.

#### Council of Guardians Announces Views on Bills, Projects

90OI0202K Tehran KEYHAN in Persian 20 Feb 90 p 3

[Text] Last week in the Council of Guardians the proposal to append two notes to Article 32 of the Executive Guidelines of the Bill for Legal Reform, Transfer, and Revitalization of Lands in the Islamic Republic of Iran, enacted 2/31/1359 [21 May 1980] by the Revolutionary Council, the proposal to change Note 35 of the Budget Law of 1368 [21 March 1989-20 March 1990], and the proposal to end the service of Majles deputies on the various councils and groups at the end of each term as deputy were studied and were not found to be in conflict with the basic religious and legal criteria.

During these meetings, the proposal to create the necessary facilities for the issuance of business licenses for veterans, ex-prisoners of war, the respected families of martyrs, and disabled persons and amendments to articles from the Guild Systems Law approved at the 14 Bahman [3 February] Majles session were presented, discussed, and studied and the council's views were announced as follows:

1 - In Article Eight, concerning the note to be appended to Article Four, they have divided the guilds into four groups, and since because of this they may interfere with one another, it is vague and after the above ambiguity is removed, a view will be given.

2 - A: In Supplementary Article Nine, the assignment of absolute control of income type approval to the guidelines of the Supreme Supervisory Council, in view of the fact that its release might cover instances needing laws, it is seen to be in conflict with Principle 85 of the Constitution.

B: Concerning the note for the aforementioned article where the guild organizations are required to deposit their revenues in one of the government banks, a majority of the theologians on the Council of Guardians believe that this violates the criteria of religious law.

3 - Concerning Note Ten Supplementary Article Ten requiring that the assets of the Guild Affairs Society be divided proportionately, the requirements and exceptions for the division of assets must be specified, and then an opinion can be issued on their conformity with the criteria of religious law and the Constitution.

4 - Concerning Supplementary Article 11 transferring the approval of the guidelines to the Supreme Supervisory Council, in view of the fact that some of these matters have legal aspects, it has been seen that this is in violation of Principle 85 of the Constitution.

In conclusion it is to be noted that in Article Ten the addition of the two notes is obligatory. Likewise Articles 14, 15, and 13 need amendments to the language, and it would be appropriate if measures be taken in this matter.

### **Earned Foreign Exchange To Be Used for Import Needs**

*90OI0202L Tehran JOMHURI-YE ESLAMI  
in Persian 22 Feb 90 p 3*

[Text] News Department—The Council of Ministers met yesterday afternoon. At this meeting the nation's important affairs were discussed, and proposals from the executive organizations were presented and approved as follows:

1. Authorization was given to allocate some of the foreign exchange earned from non-oil exports from each province to import parts and implements needed by the industrial and agricultural sectors of that province.

2. Authorization was given to build new industrial villages in the cities of Mashhad, Kerman, Seramik Marand, Babol Kenar, Lushan, Arak, Gonabad, Hamadan, and Bakhtaran. After that a report was studied concerning reforms to systems and methods of working in the government organizations, and a continuation of this was set for the next session.

### **Six-Hundred Bed Hospital in Qom Operational**

*90OI0202M Tehran KEYHAN  
in Persian 24 Feb 90 p 18*

[Text] Qom—KEYHAN correspondent: The 600-bed Martyr Beheshti Hospital of Qom, which was turned over to the Martyrs' Foundation by Majles decree as of 12 Azar [3 December], was opened in ceremonies attended by Hojjat ol-Eslam val-Moslemin Karrubi, the Majles speaker, and a group of clergymen.

This hospital, which was put into service in 1366 [21 March 1987-20 March 1988] after rocket attacks from the Ba'th regime on an emergency basis despite defects and shortages of equipment and medical personnel, was completed and equipped by this organization and began its work within 70 days after transfer to the Martyrs' Foundation at a cost of more than two million marks and 1,300 million rials.

At the opening ceremonies for the large Martyr Beheshti Medical Complex of Qom, Ayatollah Khalkhali, the Majles deputy from Qom, praised the officials and workers of the Martyrs' Foundation for their around-the-clock efforts to put this center into operation. Then the supervisor of the Martyrs' Foundation Medical Center presented a report on the way the hospital was rebuilt. He noted that now that this medical treatment unit is going into operation and specialist physicians are being brought to it, there must be no shortages in the cadres at the city's other hospitals.

Our correspondent reports that as the ceremonies continued Hojjat ol-Eslam val-Moslemin Karrubi, the Majles speaker, gave a talk discussing the special position of the city of Qom, and he noted that His Holiness the Imam (May His Grave Be Sanctified) repeatedly stressed the need to deal with the problems of health treatment in the city of Qom.

He expressed the hope that with the opening of the medical treatment complex the residents of Qom and the nearby municipalities will not be forced to go to Tehran to receive treatment and specialized tests.

It is worth mentioning that the Martyr Beheshti Hospital of Qom now has more than 600 beds, eight operating rooms, 24 CCU [critical care unit] and ICU [intensive care unit] beds, paraclinical units and specialist resources.

### **Rail Guidance System Built Domestically**

*90OI0202O Tehran JOMHURI-YE ESLAMI  
in Persian 24 Feb 90 p 3*

[Text] The CTC [cross-track contiguous?] apparatus, which controls and guides trains from a mother station, has been built in the Islamic Republic of Iran through the design and cooperation of professors of the Sharif Industrial University and the Islamic Republic of Iran Railroad.

According to IRNA [Islamic Republic News Agency], quoting the Islamic Republic of Iran Public Relations Office, Thursday morning a sample of the CTC apparatus built in the country was displayed to the acting director, members of the Board of Directors, railroad managers and technical experts, several professors from Sharif Industrial University, and engineers and experts of the Metro Company.

In view of the importance of the health and security of railroad freight, movement and guidance, the use of this system, the most advanced type, will play a major role.

According to this report, foreign versions of this system were installed in previous years in the Qom, Esfahan, and Kerman circuits and are now in use. A total of 55 stations of the existing rail network are covered by the three mother stations of this system. However, in view of the fact that the rest of the rail circuits now have the most primitive control and guidance systems and in view of the project to expand the rail networks and to build new lines, it is most important to utilize these new systems, and they will play a prominent role in moving freight and passenger trains and in the well-being of rail traffic.

The CTC system designed in Iran, which guides and monitors trains at a distance by remote control, is computerized, and its mass production will play an effective part in the nation's self-sufficiency and in saving foreign exchange.

### Liqvan River Purification Project Becomes Operational

90010202E Tehran JOMHURI-YE ESLAMI  
in Persian 24 Feb 90 p 10

[Text] JOMHURI-YE ESLAMI correspondent: On the anniversary of the appointment of His Holiness the Most Respected Prophet (Peace Be Upon Him) to the prophecy, the opening ceremonies for the Liqvan River water purification and transfer project, with a capacity to move 700 liters per second, were held, attended by Ayatollah Malakuti, the Leader's Azarbaijan representative, and the Friday imam of Tabriz, and it was opened and put into operation.

Our correspondent reports that in these ceremonies, attended by the governor-general and a number of provincial officials, first the general manager of the Regional Water Organization gave a talk in which he discussed the above project. He said: Due to the lowering of the water table in East Tabriz and the unacceptable quality of the underground water in this city's western areas, the Provincial Water Organization undertook to study and carry out several projects to procure drinking water for Tabriz from surface waters, and the above is one of these projects. The aim in implementing this project is to procure part of the drinking and health care water for the people of Tabriz in the non-agricultural and low-water areas.

Continuing, he discussed the characteristics of the project, and added: This project was completed by the Regional Water Organization of East Azarbaijan, at a cost of 600 million rials from province credits and from domestic resources, with a capacity of 700 liters per second and a usage level of 600 million cubic meters per year, with a kind of physical purification system.

As the ceremony continued, Ayatollah Malakuti gave a talk thanking the people carrying out the project and the provincial officials, and he called for greater effort in the period of reconstruction to serve the deprived people and the Muslim people. In conclusion, the project was inspected by those present.

### PAKISTAN

#### Sindh Situation Analyzed

Destabilization in Karachi Hurts Economy  
46000088 Karachi DAWN in English 15 Feb 90 p 7

[Article by Sultan Ahmed]

[Text] The impact of a destabilised or violently disturbed Karachi on the country as a whole is not fully comprehended in Islamabad or elsewhere upcountry.

A number of entrepreneurs in Karachi may shift their new investments to Punjab or fall for the lure of the totally tax-free Gadoon Amazai in the Frontier province.

Some small industrialists may shift their plants here and take them to upcountry. Some of the rich living in Karachi may send their children abroad for education, as they are doing now, and those from upcountry living here may send their children for higher education in Lahore.

The bulk of the people of the city, those from upcountry who have established themselves here commercially or industrially on a large scale, and the Sindh and the Federal Governments have no viable option except to strive towards ending the extreme political schism in Karachi which results in frequent outbursts of sweeping violence with their heavy death toll.

The prime fact is that Karachi is Pakistan's lone port city through which all the imports come and all the exports, besides what little is sent by air, go out. Regardless of the number of dry ports set up all over the country, the goods have to arrive in Karachi first. It is the lone oil port as well with two of the major refineries linked to it. Any disruption of oil supplies to upcountry will cripple the economy decisively.

Whether the port is immobilised through enemy naval action or through murderous internal strife of the kind experienced on February 7 with the loss of 65 lives, the adverse impact on the nation's economy will be the same.

We did try to have a second port; but Bin Qasim too had to be set up in Karachi. In fact, it came as adjunct to Pakistan Steel. The steel mill had to be set up in Karachi, despite the official policy of dispersal of industrial investment, as it had to be next to a port to import vast quantities of iron ore and coal easily and cheaply.

The Pakistan Navy too has been pleading for a second port for economic and military reasons. If the enemy ships blockade Karachi port or its aircraft bomb it, the results can be equally damaging to the whole country. But the country just does not have the money, and vast funds are not easily available. It is not enough if Gwadur or some other place far away from Karachi is developed as a port. A vast network of durable roads, with the requisite bridges too, has to be built at a heavy cost. All that enhances the importance of Karachi and the need for peace in it.

Many persons are comparing Karachi with Beirut. The commonality is the ceaseless violence. While Beirut's population is half a million, Karachi has 9 million and according to Mayor Farooq Sattar 10 million. The population of Lebanon as a whole is under 3 million, while Pakistan has 110 million. The people of Beirut are able to move to other countries, including neighbouring Arab states while the Christians go West, but the world is not ready to accommodate the 9 million of Karachi, more than a half of them illiterate.

In Beirut the fighting is between Muslims and Christians, and sometimes between the sects of both religions. In Karachi the fighting has been between Muslims, and

not even between sects although the Muslims have plenty of them. It has been on a political or ethnic basis. Such differences should be easier to reconcile than those in Beirut; but that has not been the reality. What is certain is that violent happenings in a city with 9 million people, and within a country with 110 million, can have far more calamitous consequences than in a city with half a million people or a country with less than 3 million.

The fact is that unless the city is torn apart through an excess of violence, Karachi will become economically far more important under the new economic policy of the government. Under any kind of capitalist or free market economy money goes where money is, and capital goes where capital is already invested, and the financial and physical infrastructure for investment is already there.

In a Socialist system with its rigid planning, investors can be permitted to set up industries in specified far off areas. That can be done through bureaucratic control as well which in the earlier years resulted in the setting up by the PIDC [Pakistan Industrial Development Corporation] of the Harnai and Bannu Woollen Mills to remote areas of the country. As Iranian investment was available specifically for Balochistan two large textile mills were set up there. As the motivating factor was not profit but providing employment and spreading the know-how those projects have incurred heavy losses, and the textile mills have been closed for too long.

Now following the policy of de-control, deregulation and transfer of the responsibility for industrialising the country to the private sector altogether, industries will go where they are profitable and easy to set up and operate. If such investment is not advisable in Karachi or permissible, it wants to stay close to Karachi. Hence the heavy investment in Hub and readiness to invest at Nooriabad as well until the fear of kidnapping for large ransom and dacoities chilled the ardour for that. It is because of the importance of Karachi that the Federal Government and the U.N. Development Programme have decided to set up Synthetic Fibre Development and Application Centre in it with an investment of Rs 30 million from us and \$3.5 million from UNDP [United Nations Development Program]. The centre may enable export of textiles for an additional \$300 million.

Karachi is not only a commercial and industrial centre but also a financial nerve-centre on which the economy of the whole country depends. Pakistan is a Federal State but when it comes to the economy it is more like a unitary State with Karachi both as its base and its apex. Hence despite the strong demands of Punjab it has not been found feasible to shift one or more bank headquarters from Karachi to Lahore or Islamabad.

Industries upcountry depend a great deal on Karachi in two ways: they need industrial raw materials like the steel produced by Pakistan Steel, iron scrap from the ships broken in Karachi, cotton yarn from the spinning mills etc. Industries upcountry supply many parts for

industries in Karachi, and when the factories in Karachi are not working they will need far less of those parts.

If Pakistan Steel is affected by the large-scale kidnappings between rival ethnic groups there, or workers from Karachi could not go to the Steel Mill because of "payyajam" or other protest days, industries upcountry are bound to be starved of the industrial raw materials they have to get from Karachi as well as payments for the supplies they had already made. Usually at the first sign of trouble in the city all payments are suspended, causing a good deal of hardships all round.

Major disturbances in Karachi also result in interruption of supplies of vegetables and fruits, eggs, and cattle from upcountry for meat. Upcountry producers cannot hold their green stocks for long, and delay in delivering them to Karachi results in losses for them. Even after the supplies are delivered payments take time.

Hundreds of thousands of upcountry workers in the city, particularly those working on a daily basis, are affected by disturbances here. Apart from push-cart vendors and those from the Frontier selling fish, those working in the construction companies are hit hard by violent disturbances in the city. Disturbances check the flow of building materials to the construction sites, and so the construction workers are forced to forego wages for such days. As a result, they send less money home where their families live. So whenever there are major violent happenings in the city, while dead bodies go upcountry less of money reaches the dependents of the persons working in Karachi from upcountry.

When industrial and commercial activities are stalled, or stopped in this manner, the revenues of the governments too fall. While the industrialists pay more wages for less production in the established sector, their profits are bound to be low and taxes paid by them lower. On the other side, the government is forced to spend a great deal more as compensation for the heirs of the killed, and to the injured, and to repair the damage done to government property, including bank branches destroyed, transport vehicles burnt down, government buildings, including police stations smashed, and heavy compensation to the police officers and the cops killed.

The government's efforts to invite more and more foreign capital by offering it attractive terms are bound to be counter-productive if violence lasts in Karachi, Hyderabad etc. While the Afghan issue, which results in frequent bomb explosions in the Frontier and Punjab, remains unsettled even 10 years after it began, tension is increasing on our eastern borders because of the explosive Kashmir issue. The fact is that while the Afghan issue brought a great deal of Western aid, it did not bring larger Western investment.

For many investors abroad, Karachi is Pakistan, and a disturbed Karachi they take for a disturbed Pakistan. As Karachi is the commercial, industrial and financial nerve-centre, foreign companies know more about Karachi than the rest of the country. Hence senior men

of several companies from abroad who were to come to Pakistan in recent days have put off their visit. The fact is that foreign banks advising such companies are in Karachi and they are too sensitive to whatever is happening in it. Bankers are usually very cautious men.

In such an environment the government is reported to have formulated a seven-point economic development plan for 1990-91, abandoning or submerging the Seventh Five-Year Plan. But no plan, whether it involves making large new industrial investments or raising revenues in a big way, can be a success without peace in Sindh, particularly Karachi. Undoubtedly that is not the task of the government alone but also of all the elements residing in Karachi and elsewhere in the country, and particularly of the ruling elite.

### Sindh Assembly Debate Blames MQM

46000088 Karachi DAWN in English 20 Feb 90 pp 1, 4

[Text] Karachi, Feb 19—The PPP [Pakistan People's Party] MPA [Member of Provincial Assembly]s in the Sindh Assembly on Monday accused the Mohajir Qaumi Movement of antagonising every linguistic group in Sindh, including Urdu-speaking people, ever since it came into existence in 1985.

The charges were levied by seven PPP members in an emotionally-charged discussion on the law and order situation in Sindh after a motion was moved on the subject by the Sindh Minister for Transport and Population Welfare, Irfanullah Khan Marwat.

The MQM [Mohajir Qaumi Movement] members boycotted the Assembly for the third day on Monday. Sindh Chief Minister Qaim Ali Shah was present during the discussion.

In his motion, Mr Marwat traced the deteriorating law and order situation in Sindh to a rally held by the MQM in Nishtar Park in 1985. According to him, open display of arms by the group, including incidents occurring in Hyderabad and thereafter had led to the loss of "innocent Pathan lives." Since then, he alleged, "Karachi—the city of lights had fallen into darkness."

Referring to his ethnicity, the Minister declared that although born a Pathan, he had lived for 30 years in Sindh, having acquired his education and married here. "As a result, I call myself a Sindhi," he said to the sound of thumping desks. At the same time, he said, he had never thought of himself as anything but a Pakistani. However, according to him, the formation of the MQM had led to definitions on ethnic lines "as a result of which over 3,000 lives had been lost."

Speaking in Sindhi, Abdul Ghani Dars spoke with pride about Sindh—the land of Shah Abdul Latif Bhitai—which according to him was being "destroyed by usurpers."

Mr Dars declared, "Ask the families who have lost their children." According to him, "there is still time" if firm action were taken like conducting door-to-door search for

recovery of illegal weapons. He further reiterated his demand made a day earlier that a "Jirga" would have to sit and decide, according to the principle of "an eye for an eye."

Munira Shakir, reading from a prepared text, said, "I speak with a heavy heart about the loss of innocent lives." She called the opposition's movement a "pre-planned conspiracy to divide Sindh," adding that people were being used as "cannon fodder" in the MQM's design.

Khawaja Mohammad told the House that ever since the PPP had become victorious in Landhi, "there was no curfew in the area." On the other hand, he alleged law-enforcement agencies were stationed in Landhi No. 1 from where the MQM had gained victory.

He questioned why MQM chief Altaf Hussain had said that the Mohajirs ought to be prepared to wage a "long struggle like the Palestinians," since their representation could not rise above 14 seats in the National Assembly. According to him, the MQM's practise of marking "X" on PPP workers' houses smacked of the "Gestapo" in the days of the Nazis.

Dressed in black shalwar kameez, Rashida Panhwar delivered an emotionally charged speech in Sindhi, accusing the opposition of atrocities and boycott of the assembly "to hide their guilt."

She challenged the opposition to come to the Assembly if they had no qualms about expressing their point of view in the open.

Taj Mohammed Shaikh accused the Press of playing a "partisan role" in the murder of Dr Mehboob and a firing incident in Sukkur as a result of which "innocent people had been caught." In Kacchi Para, Hyderabad, he said the MQM had refused to bury their dead, parading them in procession and using it as an excuse to burn 14 shops belonging to Sindhis. He alleged that his house in North Nazimabad was burnt at the time of the no-confidence motion against the government.

Haji Mohammed Siddiq Shoro alleged that in Hyderabad the MQM had recently killed 14 Sindhis, wounded 70, stopped express trains, set Phuleli Police Station on fire, looted video offices and burnt PPP offices, besides threatening and abducting opponents.

Bearded Haji Amir Baksh Junejo with a white cap, was equally vehement when he declared that the leaders of "terrorists" ought to be arrested. He backed Mr Dars' demand that a "Jirga" be called for accountability.

A point of order was raised by a member of the Assembly while Mr Junejo was speaking, observing that the Chief Minister (who had come in when only three speakers had been left) had not been able to follow the proceedings because he was constantly disturbed by the member who came to sit beside him.

The House was adjourned till Tuesday when the discussion on the law and order situation will continue.

**Question Hour**

The Speaker suspended the Question Hour because of absence of concerned Ministers, Mr Aftab Shahban Mirani and Mr Ghulam Mohammad Shaliani, who were to reply to the questions relating to their departments.

During the Question Hour, Mr Ghulam Mohammad Malkani, a member of the Treasury Bench, invited the Speaker's attention to the absence of Ministers for Communications and Zakat, and said this amounted to a breach of privilege.

The Speaker ruled that if a Minister did not attend Assembly session on the day he was supposed to answer questions relating to his department, any member could move a privilege motion against him.

After hearing the members, the Speaker decided to suspend the Question Hour for Monday. He, however, held out an assurance questions would be taken up at the next session of the Assembly.

**Resolution**

The Assembly will take up for consideration on Tuesday a resolution moved by Mr Dars.

The resolution reads: "This House resolves and recommends to the Sindh Government that all the murder cases, registered in the province under Sections 302, 304 and 307 Pakistan Penal Code from 1.1.1977 to 31.12.89, as were withdrawn or taken back by the Government from time to time, may be reviewed on humanitarian grounds with a view to doing justice to the deceased, their heirs and the people as a whole and that the murderers are produced before the court of law."

**Intellectuals, Others Call for Peace**

46000088 Karachi DAWN in English 15 Feb 90 p 10

[Text] Karachi, Feb 14—Forty-two intellectuals, writers, politicians and lawyers, including women representatives, have unequivocally condemned the shedding of innocent blood at the hands of armed marauders in Sindh, particularly Karachi, in order to serve the vested feudal interests.

In a joint appeal they urged the "Mehnat Kash" (working class) and the student community, whichever linguistic group they belong, to rise as one man against the exploiter class and restore peace and tranquillity in Sindh.

Prominent among the signatories are Bizen Bizenjo, Afrasyab Khattak, Prof Jamal Naqvi, Ms Nasim Shamim Ashraf Malik, Dr Aizaz Nazir, Dr Arbab Khanwar, Fatehyab Ali Khan, Nabi Ahmad, B. M. Kutty, Syed Mohammad Taqi, Zahida Hina, Joan Elia, Kamal Warsi and Dr Murli Dhar.

They said the people should resolve not to be misled or get provoked by any interested element and that they would not allow anyone to spread venom against any particular community.

The joint appeal was sponsored by "Tahaffuz-i-Jamhooriat Committee" (the committee for protection of democracy).

[Qaumi Mahaz-i-Azadi] Azhar Jamil, Information Secretary, Qaumi Mahaz-i-Azadi, has appealed to the "armed political groups to desist from violence and give peace a chance."

He urged the Government and the Opposition to work jointly for restoring fraternal peace and amity otherwise, he said, democracy would run the risk of being undone.

[National People's Party] National People's Party leaders have appealed to the people to observe the COP [Combined Opposition Parties]'s protest day on Friday, February 16, by holding special prayers for those killed in the city lately.

Kamal Azfar, Haji Qasim Abbas Patel, Abdullah Baloch, Zia Abbas and others expressed deep concern at the situation in the country, particularly Sindh. They paid compliments to their leader Ghulam Mustafa Jatoi for taking a courageous stand vis-a-vis the popular uprising in occupied Kashmir.

[Communist Party of Pakistan] Zahid Bokhari, a leader of the Communist Party of Pakistan, has cautioned the people against imperialist conspiracy to delink Karachi from the rest of Sindh and to use Karachi for political and military purposes.

He appealed to the people to see through the imperialist game and not become a tool of agents-provocateurs.

[Jamaat-i-Islamic] Syed Munawwar Hasan, Amir, Karachi division Jamaat-i-Islami, has said it was not proper to seek the help of armed forces in resolving civic matters.

Talking to party workers he said the Pak Army should remain on alert at national borders in view of the situation in occupied Kashmir.

[Pakistan Muslim League] Syed Mukhtar Ali Kanhori, Chief Organiser of the PML(L), has thanked the Sindh Chief Minister and administration officials for the recovery of his brother Syed Ishtiaq Ali Kanhori.

Mr Mukhtar said that Ishtiaq Kanhori has been a professional lawyer and he has no connection with any political party/group.

[Tehrik-i-Istiqlal (Party)] Leaders of Tehrik-i-Istiqlal Ashraf Liaquat Ali Khan, Mahfooz Yar Khan, Ahmad Dara and Naheed Afzal have urged the President to use his influence with the Sindh Governor and Chief Minister in containing the law and order situation in Karachi and elsewhere and bringing to book the real culprits.

They have appealed to the public to observe the COP's February 16 protest day peacefully.

**Sindhi Press Focus on Situation**

46000088 Karachi DAWN in English 23 Feb 90 p 2

[Article by Anwer Pirzado]

[Text] Country-wide concern over the tumultuous situation in Sindh, the ways and means being devised by the Federal as well as provincial Government, to deal with it, the interest taken by the Prime Minister, the President, national and provincial Assemblies, the Senate and politicians from both the ruling and the Opposition parties was the main subject discussed by the Sindhi newspapers during the period under review.

The dailies brought under focus some specific issues such as the high-powered judicial commission constituted to probe the causes of the Karachi violence, and the proposed All Parties Conference to defuse the situation. The special notice taken by the authorities and the political parties and their efforts to find out some viable and lasting solution of the issue was appreciated by the Sindhi Press.

"The President has very rightly observed that the violence, bloodshed, terrorism and acts of inciting public for agitation were tantamount to rebellion. The President is fully aware of the real situation prevailing in Sindh. This all, however, does not mean that the President has decided to side with the ruling party. As a matter of fact, he has taken quite a realistic view of the existing circumstances and has advised the provincial Government to take necessary steps for an early end to the aggravating conditions. His initiative is quite seemingly above party affiliations and is thus welcomed. Let us hope that the Opposition parties seriously respond to the call of the President with a positive approach and cooperate in defusing the situation.... So far as the allegations of the Opposition parties against the PPP [Pakistan People's Party] Government are concerned, it is very difficult to believe that any government can create trouble against itself," observed daily AWAMI AWAZ, Karachi, of February 20 in an editorial.

Writing on the Sindh situation, the daily MEHRAN, Hyderabad, of February 13 says: "At present, when the border situation happens to be critical, the internal strife could not prove to be beneficial for any of the ruling as well as the Opposition side. To maintain law and order, no doubt, is very much the responsibility of the Government, but keeping in view the external situation, the Opposition parties must come forward to bring about peace in Sindh. It is high time for both the PPP and the COP [Combined Opposition Parties] to sit together and adopt a unanimous stand on the issues of national interest."

The daily IBRAT of February 17, while discussing the meeting of Sindh Governor with a delegation of the COP leaders, suggests: "Now when the nation is highly concerned about the issue of Kashmir, the Opposition parties must play their role in creating internal harmony and should not make it an issue of ego, so that some

purposeful steps could be taken for getting the right of self-determination for the people of Kashmir. There is in fact no issue which could not be resolved through mutual consultations and through a spirit of political cooperation." The February 12 issue of daily AFTAB, Hyderabad, while welcoming the idea of an all-party conference on Sindh, suggests to the government not to take a lenient view of any act of terrorism which is aimed at cutting the very roots of democracy in the country. The editorial also suggests to widen up the scope of the judicial commission formed to investigate the Karachi incident for meeting the challenge of lawlessness in the province.

The daily IBRAT of February 16 endorses the idea of Prime Minister Benazir Bhutto that events taking place in Karachi were not merely the matter of law and order but were manifestations of political agitation. "Whatever was planned in Karachi, and Hyderabad was an attempt to remove the Federal and the Sindh governments. But the plot did not succeed and the country was saved from a disaster, especially at a time when the national issue of Kashmir had taken a very serious turn. "We shall also suggest to the government to take equal measures in the rural parts of Sindh where dacoits have made the life of the people miserable." [quotation marks as published]

In this connection, the newspapers expressed great concern over the kidnapping of two PPP leaders of Larkana, Ghulamullah Mahooto and Nek Mohammad Bhutto, on February 13. There was also hue and cry over the lifting of Bakhsh Ali Lakh, a founder member of the Sindh Graduates Associates and Managing Director of the Wazir Ali Industries as well as the brother of a prominent Sindhi writer, Altaf Sheikh, by the dacoits. The daily HILAL-I-PAKISTAN, Karachi, wrote in an editorial on February 20: "The people of Sindh are being pressed from two sides. In cities, the terrorists are striking with brutality while the dacoits have poisoned the pastoral life in villages. The Government must take all possible steps to remove this twin menace to save people from becoming desperate."

Some Sindhi newspapers reproduced a story carried by an Urdu daily from Lahore (MUSSAWAT) about contemplated plot to disintegrate Karachi from the rest of Pakistan and wrote lengthy editorials expressing profound indignation over such reports. The newspapers of February 17 discussed violent incident of Pakistan Steel Mills and the torture given to the officers and employees of this industrial plant by the terrorists. The daily MEHRAN, Hyderabad, of February 17, while commenting on these issues, suggested to the Government to impose ban on public meetings and political demonstrations till the high-powered commission submits its report about the factors behind the violence in Karachi and the rest of the province. The newspaper rejected the idea of imposing Governor's rule in Sindh, as suggested by some political circles and advised the Government to use our iron hand for crushing all sorts of lawlessness in the province.

Some dailies also commented on the process of constituting committee for resolving various issues thereby observing that usually such committees seldom submit their reports and thus the situation aggravates further more.

"The committees to probe matters concerning Sindh would be able to accomplish their work or not is yet to be seen. Let us hope that they do not meet the fate of the Hamoodurahman Commission," concludes an editorial in daily MEHRAN of February 20 while discussing a Senate Committee on Sindh.

While writing on the socio-economic and cultural affairs, the Sindhi dailies repeatedly demanded for decentralising of the Federal archaeology department and handing over of the historical sites of Sindh to the provincial Government. There were some editorials on the damage being caused to the Kotdiji Fort in Khairpur district and the crumbling process of the Mohenjo Daro ruins. The newspapers also took up the case of some ailing Sindhi writers and journalists and suggested to the Sindh Government to come to their help. Among the most deserving cases according to the local Press were Barkat Ali Azad, Afzal Qadri, Jamal Abro, Amanullah Baloch, Maqbool Siddiqi and Gurdar Wadhwani. It was also suggested by some dailies that the unemployed doctors and engineers of Sindh should be recruited in the armed forces so that the burden of unemployment on Sindh could be lessened to some extent.

The Government's decision to form a new district of Thar through division of existing Tharparkar district was welcomed by the Sindhi dailies. However, some newspapers were displeased with alternations made in jurisdiction of both the districts with special reference to the boundaries of Umarkot taluka. It was also reported by the Sindhi dailies that the summer showers and gusty winds had caused damage to standing crop of wheat in many areas of the province. There were also reports about damage caused by the rain to the stocks of rice lying at many railway stations for the purpose of export.

The daily IBRAT of February 17 reported that there was snowfall in Sindh during the recent cold wave on Gorakh peak in the Khirthar range of mountains, and called for the implementation of the scheme of a hill station at Gorakh height for boosting up tourism in the region.

### Sindh: Parties Trade Accusations

#### Sharif on PPP 'Terrorism'

46000087 Karachi DAWN in English 16 Feb 90 p 1

[Text] Karachi, Feb 15—Punjab Chief Minister Nawaz Sharif has said the people all over the country will fully support the people of Sindh on the "protest day" being observed by the COP [Combined Opposition Parties] on Friday.

He said the day was being observed by the COP to condemn the "terrorism of the PPP [Pakistan People's Party]" which had been unleashed against the innocent people in Sindh.

Nawaz Sharif claimed the PPP wanted to impose one-party rule in the country.

Hussain Haqqani, Special Assistant on Political Affairs to the Punjab Chief Minister, conveyed these feelings of Mr Nawaz Sharif to MQM [Muhajir Qaumi Movement] chief Altaf Hussain on Thursday.

#### Leader: Mohajir Province Not Possible

46000087 Karachi DAWN in English 20 Feb 90 p 3

[Text] Shikarpur, Feb 19—Pakistan People's Party believes in federation and opposes terrorist activities in the country, particularly Sindh.

This was stated by MPA [Member of Provincial Assembly] from Shikarpur Begum Shamshad Jokhio while talking to DAWN here on Monday.

She said that MQM [Muhajir Qaumi Movement] and IJI [Islamic Jamhoori Ittehad] accord was a clear evidence of enmity with Sindh and Sindhis. She also said that the ruling party desired to settle all political issues in a political way.

She said the people of Sindh would not accept Mohajirs as fifth nation and would foil all conspiracies for making a new and fifth province for Mohajirs. She underlined that Sindhis and Mohajirs have to live together in Sindh and advised Mohajirs to live like brothers.

#### Pirzada Critical of MQM, PPP

46000087 Karachi DAWN in English 23 Feb 90 pp 1, 9

[Text] Karachi, Feb 22—Abdul Hafeez Pirzada, Secretary-General of Pakistan National Party, on Thursday criticised both MQM [Muhajir Qaumi Party] and PPP [Pakistan People's Party] for their failure to resolve the issues relating to Karachi and the rest of Sindh.

Speaking at a Press conference at his residence, he said these two parties were mandated by the people to solve their problems, but instead, they led them to confrontation in which many innocent lives were lost.

He said, "If peace has to be restored in Sindh, the illegal arms must be confiscated."

Abdul Hafeez Pirzada claimed that there were more than 300,000 automatic weapons in illegal possession of the people and out of this 32,000 kashnikovs were in Karachi alone.

He wondered what prevented the Government from seizing them.

He said the Government often spoke about a foreign hand which was destabilising the country. If there was

any foreign hand, the Government must make it public and tell the people who was sending arms and money to destabilise Pakistan.

He said Sindh was heading towards a civil war and if no concrete steps were taken now, "God knows how many more people will be killed."

He said it was the responsibility of PPP and MQM to solve the problem. He said PNP [Pakistan National Party] was willing to go to each and every individual to pursue him so that the Urdu speaking and the Sindhi speaking people sit together and settle their differences.

He made it clear that the Urdu speaking people belonged to Sindh and they had to live here.

He said it was the responsibility of the Assembly to sort out the outstanding differences among the people. If it failed to do this, then a constitutional convention should be called and consensus achieved.

Pirzada said that the Sindh situation could also affect the rest of the country.

He said if the outstanding problems were not solved, the people would exert pressure from outside the Assembly for their solution.

He said the Assembly was a sovereign body but it had failed to resolve the present crisis. He also criticised MQM and PPP for the manner in which they swapped each other's hostages and said it proved that both of them were involved in illegal acts.

He opposed the holding of an All Parties Conference either at the central or the provincial level and said it showed that the parties had lost faith in democratic principles.

He said that the agreement between the PPP and the MQM soon after the election was a "marriage of convenience" as both of them knew what it really meant. During that period both continued to arm themselves which resulted in serious clashes.

Pirzada also presented a statement of principles adopted by the PNP which throws light on various political and social problems of the country and invites the people to solve them in a democratic manner.

#### Articles Examine Interest-Free Banking Structure

47000084 Lahore *THE NATION*  
in English 8, 10, 11, 18 and 19 Jan 90

[Article by Sheikh Mahmud: "Interest-Free Banking Structure—I-V"]

[8 Jan 90 p 7]

[Text] What usury breeds save tension all around? Of the bliss of noble lending none's aware.—(Iqbal)

Here, the expression qarz-i-hasna has been translated as "noble lending". So Iqbal's reply is to concentrate on qarz-i-hasna, which basically means a loan without interest or in scientific terminology a loan at zero rate of interest. How to evolve a banking system on the basis of zero rate of interest is precisely the thing of which we are unaware. We approach Iqbal again to give us at least a pointer, a king-pin or a foundation stone on which we may be able to raise a new banking edifice, at zero rate of interest. His answer is time. Make time the lever of your mechanism and you will be able to devise a banking structure which is shorn of the depredation of interest. In Javid Nama again, he makes Zarwan, the spirit of time, deliver a long oration, whose substance is that nothing creative or destructive is beyond its reach. In part, Zarwan proclaims:

"All efforts are related to my fate, I have thus enslaved the eloquent, the mute, For me the beauteous bud upon the branch Doth bloom, and sings the bird in nest. I fly And give its growth to grain, with union crown The lover's separation. I rebuke And I reward: I cause the pangs of thirst Until I bring the wine."

When Iqbal projects time as a massive and pervasive force a question naturally arises whether we cannot get its help in providing us with our basis of banking. When we think of the fact that time is as much an inescapable ingredient of a loan as money itself, diverse tantalizing possibilities start glimmering before our eyes. Zarwan claims, "I cause the pangs of thirst until I bring the wine." The problem of substitution of interest involves solving the problem of time. This thirst has been there for four thousand years. But where is the wine? That too only time can deliver. So, the reply of Iqbal appears to be that if we utilise time as the main lever of our banking mechanism, we may be able to reach our goal of interest-free banking mechanism.

Before we follow the guidance of Iqbal, let us list all the obstacles that we will be called upon to negotiate while building our model of interest-free banking.

1. Even after receiving guidance from Iqbal regarding building our model on the basis of time, we are still far from building it. Building a model and knowing its basic ingredient are two different things. So the first problem of replacing interest by time is the operative pattern of the model.

2. Even if we succeed in evolving such a model, a foundation question will be whether savings will continue to be generated. What assurance is there that despite lowering interest to zero, savings will not slacken?

3. Even if this assurance is available both in irrefutable logic and unquestionable empirical evidence, it does not follow that savings will continue to be attracted by banks which pay no interest on deposits. The presumption appears to be that they will not. This presumption needs to be evaluated and catered for.

4. Assuming we cross the first three hurdles, one thing is certain beyond dispute, viz., the demand for loans will outstrip by a large margin the supply of loans. Any model which fails to meet this problem will not be workable.

It is true that the banking structure as constituted, artificially restricts the supply of loans, through the institution of bank reserve. It is also true that much manipulation is possible in this area to meet the obstacle raised by this problem. If we go to the logical limit to ensure that the inordinate rise in the demand of loans at zero rate of interest is met by an equally inordinate rise in the supply of loans, it can become necessary for us to throw overboard the entire concept of statutory reserve.

5. Just as it is not possible to introduce interest-free banking without devising an interest-free mechanism, similarly extinction of statutory reserve is not possible without evolving an equally effective liquidity mechanism.

6. This arrangement of bank liquidity should be an intrinsic part of the model, and not foisted on it from outside its own being, like deposit insurance or government or central bank backing.

7. Supposing we cross all the six hurdles, the question arises whether this inordinate expansion of credit matched by an equivalent supply of credit will not push the price level in the inflationary direction. Avoiding this will obviously involve rigorous credit control denying credit to all consumptive, speculative and fiscal deficit covering loans.

8. This in turn involves the issue whether this can be done, when all over the world, government deficit is increasingly appropriating inordinate proportion of lending resources. Unless the model has an in-built arrangement whereby we can be reasonably assured that the induction of interest-free banking is capable of solving the problem of fiscal deficit, the model will not remain workable.

9. After extinction of both interest and statutory reserve, we must face the problem of monetary control mechanism. How is the interest-free model to face this issue?

10. Will such a banking which pays no interest on deposits and claims no interest on advances be at all profitable? Because, unless it is profitable, private enterprise will not enter this sector which means we will be writing off efficient and progressive functioning of the banking sector.

These are the ten major issues which any induction of interest-free banking has to face. In all humility, the present writer begs leave to answer these problems, and leave it to the discerning reader to decide whether the issues have been adequately resolved. The exposition that follows sticks to the order in which these problems have been posed.

#### Time as the Basis of Interest-Free Banking

Once we come to note that time is as much an ingredient of a loan as the loan itself, only a little concentration persuades us to evolve the concept of loan value. What the lender foregoes and the borrower receives is not merely an amount of loan, but an amount of loan for a certain period for time. If we multiply the amount of loan by the period of which it is advanced, we get the measure of deprivation suffered by the lender which is also the measure of gain received by the borrower. It is this magnitude that we may call by the name of loan value. To illustrate this concept, we may say that the following loans have exactly identical loan values:

Rs. 1,000 for one year Rs. 500 for two years Rs. 250 for four years Rs. 200 for five years Rs. 100 for ten years

If these loan values are exactly identical, then we have a foundational notion for the evolution of interest-free banking. Every borrower should exchange equivalent loan values with the bank. He may give to the bank only a fraction of the loan that he receives, but advance it for such a multiple of time that equivalent loan values are exchanged between the bank and the borrower. What should be a suitable fraction of loan and a suitable multiple of time for which a counter-loan should be given in exchange for every loan, is a point which the monetary policy of any country, accepting this basis of banking, will decide according to the exigencies of a given situation.

For purposes of illustrating the concept, we are adopting 12 and one half percent as the measure of counter-loan, which by necessity implies 8 multiples of the time-period for which a loan is received. So the formula we are adopting is that Rs. 1,000 for one year has the same loan value as Rs. 125 for eight years. Let a borrower of Rs. 1000 for one year from the bank, pay to the bank a counter loan of Rs. 125 for eight years, and both parties will have exchanged equivalent loan values. At the end of one year, the borrower will return his loan of Rs. 1000 to the bank without the addition of any kind of excess, and he or his dependents will receive back Rs. 125 at the end of eight years, likewise without the addition of any interest.

If the borrower cannot return the amount within one year, he can renew the agreement for the loan, let us say for another year, by either giving another Rs. 125 for eight years, or extending the period of deposit of his original Rs. 125 from eight to sixteen years.

The real test whether a genuinely workable alternative to interest has been found or not is to ask whether this alternative has an in-built capacity to encash premature commercial bills at face value. Let us assume that monetary authority has fixed 12 and one half percent as the level of counter-loan. Now, if a commercial paper worth Rs. 10,000 is to be encashed, and this bill is short of maturity by 30 days, this means accommodation of the loan value of 300,000 units ( $10,000 \times 30$  days) is needed. The bill can be encashed at par, provided the

owner of the bill gives a counter loan of Rs. 1,250 for 240 days. 1,250 multiplied by 240 also means 300,000 units of loan value. It is through this exchange of equivalent loan values that any commercial paper for any period short of maturity can be encashed at par. All attempts for eliminating interest founded on the intractability of the problem of encashment of pre-mature commercial paper. Hitherto Islamic economics, like identical versions of Judaism and Christianity before it, has been forced to devise subterfuges which tended in effect to perpetuate interest. Now that we have a genuine alternative to interest, necessity for retaining this exploitative institution ceases to exist, and a cease-fire with Allah and His Apostle becomes possible.

This must be pointed out that though lending on the basis of time will be completely free of interest, the viability of the banking structure can be threatened if loans are advanced without collateral. It is suggested that a collateral of 110 percent of the loan should be demanded for all loans. The exact level that should be fixed at a particular time and place is for the monetary authority to determine.

So, we have crossed the first of the ten hurdles in the way of evolving an interest-free banking model. Iqbal's guidance to establish qarz-i-hasna, with the help of time, has come to assume a specific and concrete form. The name by which this model has come to be called is Time-Multiple Counter-Loan (TMCL) basis.

#### **Whether Savings Will Slacken in Interest-Free Banking**

If reason and empirical evidence have any bearing on reaching a decision regarding the impact on saving of abolition of interest, it is possible to prove that savings will not only fall, but will tend to rise significantly after abolition of interest.

It is true that pre-Keynesian economics held the opposite view, and some watered-down expression of this view can be met on occasion even now. But the finality with which Keynes repudiated the argument of classicists regarding direct relationship of savings with interest remains unanswered to this day. Keynes argued that the lower the rate of interest, the higher the level of investments, therefore higher the level of employment, therefore, higher the level of incomes, and therefore higher the level of savings. This means, Keynes maintains, that the highest level of savings can only be obtained at the lowest level of interest. In point of logic not a single step of the argument of Keynes can be repudiated, and therefore his conclusion remains unassailed to this day. Yet academic and professional bias, already discussed, has not liked logic to prevail.

Empirical proof supports this contention of Keynes with no less vehemence. It is true that no country had a zero rate of interest from which to get figures. But there is a concept in economics which is called real rate of interest. Real rate means interest rate minus the rate of inflation, so that a negative real rate is possible when the rate of inflation exceeds the interest rate. During the recent

past, it happened with considerable frequency, permitting us to examine its results.

The present writer collected figures of bank deposits of five countries, viz., U.K., Germany, Japan, Switzerland and U.S.A. for every year of the decade of the seventies. Real rate of interest is a negative entity in U.K. and Germany in 6 years out of 10, in Japan in 9 years out of 10, in Switzerland in 8 years out of 10, and in U.S.A. in 4 years out of 10, yet the rise in total deposits of banks continued in all these years, without exhibiting any relationship with negative real rate of interest in any of these countries. Even when negative real rate rose to a double digit level as in Japan (1974: minus 15.33 percent), in Great Britain (1975: minus 12.97 percent), and almost so in U.S.A. (1974: minus 9.86 percent), the accretion in bank deposits continued uninterrupted. In these countries during these double digit years, bank deposits, far from falling, rose by 10.87 percent, 5.72 percent and 9.43 percent respectively, completely demolishing deposit mobilisation capability assigned to interest.

In this exercise, out of 50 period-countries 49 show complete unconcern with the rate of interest in the matter of bank deposits which keep rising from year to year. The only single exception is West Germany and the year is 1979. Bank deposits fell in this year by 12.08 percent. This exceptional occurrence directly supports inverse relationship between interest and saving, espoused by Keynes. Bank rate in West Germany was 3 percent in 1978 and was doubled in 1979 to 6 percent, and that explains the fall in incomes, the fall in savings, and therefore the fall in bank deposits.

#### **[10 Jan 90 Supplement p 3]**

[Text] In fact, we do not need to go to West Germany to measure the adverse impact of interest on savings. The experience of Pakistan is far more dramatic and far more compelling. According to World Bank statistics gross domestic savings in Pakistan were 13 percent in 1965 and dwindled to 5 percent in 1985. The reason is obvious. The bank rate was 5 percent in 1965 and was 10 percent in 1985. Therefore savings have dwindled from 13 percent to 5 percent. If we want to revert to the level of savings of 1965, we have only to revert to the bank rate and loan rate levels of 1965. If we want a yet higher level of saving, we need to lower interest even beyond the one obtaining in 1965.

So, the second hurdle to the induction of interest-free banking is merely a myth woven by classical economics. If logic and empirical evidence have any validity, there is not an iota of doubt that highest possible savings must occur at zero rate of interest.

Prima facie, there appears substance in the argument that, even conceding inverse relationship between interest and saving, it does not follow that at zero rate of interest savings must necessarily take the shape of bank deposits. It appears plausible that many savers instead of putting their money in a current deposit (for all deposits

become current deposits in interest-free banks) may choose to invest it in a rent-yielding or a profit-yielding asset. In fact, many people who are earning interest on their deposits at present, on the introduction of interest-free banking, may hasten to invest their assets in the purchase of land or houses or stock exchange shares, perhaps even gold.

All this is substantially correct, but the conclusion that this can or will have any adverse impact on the magnitude of bank deposits is by and large incorrect. Let us take an example. Supposing a saving bank depositor, or an institution, whose sole income is constituted by the interest it earns on its deposits, finds itself forced to shift over to some rent-yielding or profit-yielding asset, before its deposit ceases to earn any interest. What will it do? Let us say, it will buy land or houses or shares on the stock exchange. But it can do so only if there is a matching seller. Therefore, whatever the number of depositors who want to shift from zero interest deposits to income-yielding assets must find sellers who want to dispose of these assets. As soon as a deal is completed, and whether the payment is made in the shape of a cheque or cash, the deposit of the seller is likely to increase, as a general rule, in the same measure in which the deposit of the purchaser is depleted.

This argument remains unimpaired if the seller in turn shifts [words illegible] the real investment, and the next seller does likewise and so on. Because at the end of the entire circuit, there is bound to be a seller who needs to deposit his money in the bank from the considerations of safe custody and convenience of a checking account. If in the entire circuit of purchases, every payment is made by cheque, as is likely, the money will stay as a deposit in the account of one or another of these various buyers and sellers, even during the entire period of these transactions.

We must not forget the fact that interest or no interest, money remains the hot potato in the children's game, which can come to rest only in a bank. Unless people start preferring stacking bundles of bank notes under their pillows, in preference to security of their money provided by bank deposits, and convenience of payment provided by cheque-books, lowering interest to zero cannot make any difference to the totality of deposits available to any banking system. The only difference eventually will begin the upward direction, on account of revolutionary expansion in investment, employment, income and saving, as direct consequence of extinction of interest.

This third hurdle in the path of interest-free banking also stands removed. Actually, the hurdle itself has no legs to stand upon. It is raised on the misappraisal of money (and bank deposit) being of the nature of a stock, whereas both are of the nature of a flow, so that whatever is taken out must irresistibly flow back to the bank, and make lending of an identical amount possible, unless self-imposed impediment of bank reserve is made to stand in the way.

#### Equilibrium Between Demand and Supply of Loans

This brings us to the fourth major obstacle regarding equilibrium between demand and supply of loans, that stands in the way of introduction of interest-free banking. Locke questioned advisability of lowering interest to even 4 percent. "I have but this one short question to ask", he wrote addressing those who demanded lowering interest to 4 percent, "will 4 percent increase the number of lenders?" So far as this writer is aware, this question remains unanswered to this day, unless we regard Keynesian inverse relationship between interest and saving to be an adequate reply to the penetrating question asked by Locke.

It must be conceded that this reply will not be adequate in the context of interest-free banking. The demand of loans will increase manifold on the day interest is reduced to zero, and the phenomenal increase in deposits as its consequence has yet to travel the road of increased investment, employment, incomes, savings, and therefore bank deposits. All this belongs to the day after. What is there to cover the gap?

The distinguishing feature of every interest-oriented banking structure in every country is the institution of bank reserve. Banks do not lend out all the money they receive in deposits; they retain a percentage as reserve. This percentage varies from country to country. In Pakistan it is 35 percent. This means that in initial deposit of Rs. 100 can enable banks in Pakistan to advance initial loans not exceeding Rs. 65. However, since every loan advanced by a bank flows back into the banking system on account of derivative deposits, long before the borrower has paid back his loan, the bank can lend out these derivative deposits as well, after deducting the prescribed reserve in every turn over. It is possible to calculate the lending capacity of a banking structure by reference to its statutory reserve. Its lending capacity is the reciprocal of this reserve. At 35 percent statutory reserve, the one obtaining in Pakistan, the expansion of credit cannot exceed the reciprocal of 35 percent (i.e. 100 divided by 35 equals 2.85 multiples). If we lower the reserve to 25 percent, we can advance 4 multiples of deposits, at 20 percent reserve, we can advance 5 multiples, at 10 percent, ten multiples, at 1 percent 100 multiples, and at zero reserve, infinite number of multiples.

This is not some kind of sleight of hand which produces these multiples, but is implicit in the fact that every advance of a loan by a bank, as a general rule, comes back to the banking system, no matter how the borrower spends his loan, in the form of one or more deposits, at the normal speed of velocity of money, long before the borrower returns his loan to the bank. It is therefore not correct to say that banks create credit out of thin air, howsoever much they may appear to be doing it. Their total assets (in the main loans) can never exceed their total liabilities (in the main deposits). At zero reserve this fundamental position will not change. Even after obtaining capacity for infinite advancement of loans to

meet infinite demand of loans, the equilibrium between assets and liabilities remains undisturbed.

Since the fourth hurdle to the introduction of interest-free banking demanded an in-built device in the model to strike an equilibrium between demand and supply of loans at zero rate of interest, we can achieve it by abolishing banking reserve altogether. This single device is capable of making the supply of loans to remain in perpetual equilibrium with the demand of loans, no matter what their magnitude.

#### Evaluation of Extinction of Statutory Reserve

Though the fourth hurdle to the introduction of interest free banking stands removed, it has been removed by making a radical departure from the conventional concept of banking. It calls for a justification for making that departure in the light of evaluation of what we will lose and what we will gain.

We lose two things, viz., liquidity of the entire banking system, and one of the monetary management mechanisms. It is conceded without any discussion that no viable banking system can afford to lose either of these. This does not amount to conceding that a substitution of these two functions is not possible. Just as abolition of interest is not possible without evolving an unexploitative but equally workable alternative to it, similarly abolition of statutory reserve is not possible without evolving an equally effective alternative to it.

Since liquidity mechanism that is proposed is the subject of point No. 5, and monetary control mechanism the subject of point No. 9 identified above under the title of "Obstacles in the Way", these will be expounded in that order, and the reader is requested to suspend his disbelief till he has evaluated the alternative that the model provides so that no deprivation occurs in either of these two directions. Though, for purposes of precision and clarity, the substitution device will be detailed after a while, two assurances can be given in advance. The substitutes for both the positive contributions of statutory reserve will be as effective as the ones provided by statutory reserve. Secondly, there will be no graft work. Nothing extraneous to TMCL concept will be called in to help support the model.

Statutory reserve does not only represent the two positive implications already indicated; it involves several negative consequences as well. The negative consequences are the artificial injection of scarcity into the capital market, and making this the basic argument for perpetuation of interest. Now that we are trying to evolve interest-free banking, we cannot retain in our model the basic reason for the existence of interest, viz., scarcity of capital resources, artificially built into the system through this very statutory reserve. The relationship between statutory reserve and interest is the one between the invisible roots of a sheesham tree and the visible parts of the tree. If we cut out a sheesham tree even six inches below the surface of the land, cover it up with earth, and run it over with a roller, the sheesham

tree will start growing again. That is why TMCL model declines to make any compromise on this issue. We could have estimated the likely increase in demand for credit at let us say, twenty multiples of deposits, on lowering interest to zero, and fixed 5 percent as bank reserve which would be eminently workable, as we will detail in the next section. But a situation can emerge in which demand for loans may increase to thirty multiples of deposits, and the monetary authority may hold the view that no further lowering of liquidity will be consistent with the over-all security of the banking system, with the result that no opposition will be left to it except to re-introduce interest. The model therefore holds that cutting out the sheesham tree is not enough, we must dig out all its roots as well.

The second important negative consequence of bank reserve is diverse varieties of disequilibria injected into our economy by the asymmetry between deposits and loans. Let us forget for a while the various multiples of initial deposits which a banking system can lend out up to the limit of reciprocal of statutory reserve. If we neglect for sometime the differentiation between initial and derivative deposits, and regard all kinds of deposits a single entity as any bank balance sheet does, the total advances of any bank, under statutory reserve, have to be less than total deposits, whereas in contradistinction to it, all advances come back to the banking system, as a general rule, without suffering any deduction. There is an obvious asymmetry in the arrangement. While all deposits must suffer some deduction before these become advances, all advances must come back to the banking system as deposits.

This unavoidable and in fact-built asymmetry between deposits and advances has far-reaching implications with adverse consequences on the functioning of the entire economy. If we regard bank deposits as the main supply of savings of a people, and bank advances the main financial source of investments, this asymmetry means that investments must always fall short of saving which must be definition result in perpetuation of under-employment equilibrium. This means that unemployment which basically flows out of interest receives supporting intractability at the hands of statutory reserve. When incorrect analysis and mistaken medication, at the behest of "safe" and "sane" economists, pull us in the direction of consumptive expansionism, the mass of people start getting pulverized between the mill-stones of unemployment and inflation.

To sum up, even if we overlook the necessity of the proposed banking model to generate adequate supply of capital to strike an equilibrium with the demand for capital at zero rate of interest, there are weightier fundamental reasons why statutory reserve should be done away with. Its main positive contribution of liquidity of the banking sector has to be, and can be as we shall soon see, catered for in some other way. But its negative afflictions, viz., artificial injection of scarcity in the supply of capital and an equally built-in asymmetry between deposits and advances, which eventually means

asymmetry between savings and investments, possess such deeply despoiling consequences, that we must look around for some method of getting rid of it.

#### Alternative to Bank Reserve

This brings us to the fifth major obstacle to the introduction of interest-free banking. If the need of equilibrium between demand and supply of loans at zero of interest calls for extinction of statutory reserve, we have to devise an alternative mechanism for ensuring liquidity of the banking sector.

It so happens that TMCL concept is entirely capable of meeting this demand. If we closely look into the potentialities of this concept, we find that it is not only capable of providing us with a feasible alternative to interest, it has the potential of furnishing us with an equally human and unconstructive alternative to bank reserve. Let us suppose that monetary authority in a particular economic environment has fixed 12 and one half percent as the level of counter loan. This means that a borrower from a bank will need to furnish to it as counter loan 12 and one half percent of the amount of the loan that he needs, for eight multiples of the period for which he requires the loan.

There is every reason for us to extend this concept from the area of borrowers and banks to that of banks and the central bank. The banks can be required to deposit with the central bank 2 and one half percentage points of the counter loans they receive, which makes them eligible to secure interest-free advances of up to 8 multiples of their respective deposits with the central bank. This provides every bank with a liquidity of 2 and one half times 8 equals 20 percent of its total liabilities. Besides 2 percentage points of all counter loans will be retained by the bank as till money. This furnishes the banking houses with a total liquidity of 22 percent of all their liabilities, without vitiating the principle of consistent equilibrium between deposits and advances which we will have already achieved by elimination of bank reserve.

It is true that this does not work up to 35 percent bank reserve at present obtaining in Pakistan. By raising the percentage of counter-loan, it is entirely possible to reach that level as well. But that level would be substantially over-fixed, and is entirely unnecessary, particularly under the banking model which is being presented, which has the inherent capability of providing both growth and stability to any economy which works on it. Once cyclical nature of growth is exorcized from the economy, which is one of the major contributions of elimination of interest and statutory reserve, the need to revert to liquidity itself becomes substantially remote.

Goldsmith establishments, from which modern banking evolved, originally worked on the basis of 100 percent reserve. This ratio, notwithstanding fluctuations in the course of history, has tended to fall over the long haul, till we reach the present, U.S. level on different varieties of deposits ranging from 3 to 16 and one half percent. Samuelson records the argument of bankers "that legal

reserves of as little as 10 percent—some of us would say 5 percent—are all that prudence requires in this age of insured deposits". So far as till money is concerned, according to Samuelson, "perhaps less than 2 percent normally seems needed in the form of cash".

Twenty-two percent should therefore be regarded adequate liquidity, but the model is capable of giving higher or lower liquidity as may be demanded by any monetary authority. In any case, the fifth hurdle to the introduction of interest-free banking stands removed.

[11 Jan 90 p 7]

[Text]

#### Endogenous Nature of Liquidity Arrangement

It was demanded from the model that it should provide liquidity from within its own being, without calling for any help from concepts like deposit insurance, central bank backing or government support.

Although while crossing over the fifth obstacle, this sixth demand has been met in its entirety, we cannot completely neglect the modern concepts of banking as these are developing in the world around us. These concepts have a substantial bearing on the question of liquidity.

To begin with, there has been significant evolution in the concept and practice of bankers bank. Writes Karunatilek, "In a banking system with a central bank, itself capable of creating money to act as lender of the last resort, the function of bank reserves as cushion of liquidity is no longer important." This lender of last resort assurance makes a large part of reserve as redundant, so far as the original purpose of reserves is concerned. This is the more so because the governments now stand behind the banks more than these ever did before. According to Samuelson, if a banking panic were to occur in U.S.A. once again, "Congress, the President and the Federal Reserve board would all act, even using their constitutional powers over money to print the money needed to meet a national emergency". The measure in which governmental backing imparts confidence would be clear from a single example. The federal deposit insurance agencies have resources of less than 1 percent of the deposits they have insured, and yet the confidence generated by governmental involvement has not yet proved the resources inadequate.

Besides the development of the concept of bankers bank, along with concern and backing of the government, the development of deposit insurance has also worked in the same direction. In U.S.A. Federal Deposit Insurance Scheme covers all deposits up to the first 100,000 dollars and this has prevented bank failures and panic. In the evaluation of Samuelson in future banks will be closed by bank examiners and government authorities and not by the panicky behaviour of depositors. He points out that in the 1970s the only banks that failed were those

involved in fraud or gross negligence, but their depositors were protected by the FDIC [Federal Deposit Insurance Corporation].

There is nothing in TMCL concept that conflicts with any of these developments in the concept of banking. Yet it does not lean on any of these concepts for the assurance of its liquidity which is in-built in the model itself.

The model can therefore rightly claim to have crossed over the sixth hurdle in the way of introduction of interest-free banking.

#### How To Control Inflationary Pressure Implicit in the Model?

The seventh hurdle which the model must of necessity cross is that of inflationary pressures that must accompany inordinate expansion of credit. Since the demand for credit at zero rate of interest is bound to be inordinately large which will not be obstructed because of equally inordinate supply of credit owing to the elimination of bank reserve, the pressure on the price level is bound to become irresistible, falsifying the entire creativity which the model, but for this grave shortcoming, may have generated.

This objection assumes that under TMCL banking every demand for loan, subject only to provision of counter loan and adequate collateral will be granted. It is true that the model is entirely capable of doing it, but it must decline to do it. It is workable only subject to rigorous credit control. All requests for productive loans whether pertaining to agriculture, or industry or trade will be granted. All non-productive loans whether related to consumptive or speculative or even government deficit covering purposes will be denied.

It is conceded this last category of exclusion is beyond the competence of banking sector and even the monetary authority to dictate. It is also conceded that considering the fact that more than half the loanable resources in the entire so-called free-world are taken away by the governments of these countries to meet the essential requirements of running these countries and this percentage is consistently rising, workability of this exclusion appears contestable. Again, this is an issue which is the very next step we are taking up and must therefore seek the indulgence of the critical reader, in the interest of clarity of exposition, to confine to the issue whether or not inflation can or cannot be kept under control, within the parameters of the model.

One essential parameter of the model is acceptance of all requests for productive loans and denial of all requests for non-productive ones. What the model aims at is to exclude consumptive expansionism which has been operative throughout the world, ever since the end of World War II, and inflicting virtually unending inflation on it. Since expansionism is to continue if we wish to give employment to all, the model provides productive

expansionism in place of consumptive expansionism. Far from leading to inflation, it should provide assurance of stability.

It can be argued that the vast expansion of credit, even though confined to productive area, can yet be inflationary because of time-lag between the extension of credit and the production of goods and services capable of absorbing the increased money supply. This objection overlooks the existence of idle capacity, and the impact that lowering interest by stages to zero will have on the activation of this capacity. In the industrialised countries, this capacity is regarded close to 20 percent. In Pakistan, with a rate of interest generally higher than most industrialised countries, idle installed capacity appears close to 25 percent. As we lower by steps, the interest rate and the reserve level, a point relating to strategy and dealt with in the next chapter, not only new capacity is installed, but idle capacity is also quickened to life. This activation of idle capacity is entirely capable of covering the time gap till successively increasing flow of productive loans reaches its respective fruition, obliterating the impact of time-lag.

Another factor which deserves to be kept in view in this context is the remarkable capacity of the banking model under discussion of contracting credit in a measure equal to the creation of credit by extension of loans. Every loan is matched by an equivalent counter-loan. Even though this counter-loan may be a fraction of the loan advanced, the period of availability of the former, as we have already seen, will be a matching multiple of the latter, so that loan values advanced and claimed are exactly equal. This arrangement will prove to be yet another contributory factor to impart stability to the price level, despite all the growth which is implicit in the model.

TMCL banking is therefore entirely capable of crossing the seventh hurdle which appears to stand in the way of interest-free banking, though some subsidiary issues need further looking into.

[18 Jan 90 p 7]

[Text]

#### What About Consumptive Loan?

A critic may find fault with the model pointing his accusing finger at the apparent impotency of the model to meet consumptive requirements. Actually TMCL concept, per se, is neutral to the purpose for which a loan is sought. Whether a loan is needed for a productive purpose, a speculative purpose, a consumptive purpose or for fighting a war, it can be secured, at the theoretical level at least, under this arrangement. This reason for excluding, in the exposition of the concept, the last three varieties of loans is to avoid the inflationary possibilities that expansion of credit of these purposes can generate, and not for any inherent impossibility of advances for this purposes.

## SOUTH ASIA

A few facts in connection with consumptive loans need to be kept in view, in this context. Firstly, the need for consumptive loan in the capitalistic system is largely dictated by the incapacity of purchasing power to keep pace with the productive capability of the system. Leakage of purchasing power occurs primarily in the process of fattening the rentire, with identical impulses extending from interest to rent and profit levels. This cumulative exploitation makes labourers incapable of purchasing goods which they themselves produce. With the introduction of interest-free banking not only leakage dictated by the rentire will suffer extinction, its extension in the areas of rent and profit will cease to exist. The consequence will be that Say's Law, which postulates supply creating its own demand, will become operative, excluding the basic compulsion of the economy to resort to consumptive loans.

Secondly, it is not necessary that all varieties of consumptive loans may be excluded from the ambit of the model for all time. It is a precaution necessary for the initial years. When functioning of interest-free banking for a few years confirms the promise of the model to maintain stability of the price level, we can lower our guard and include some, or several, varieties of consumptive loans in the area of its operation. In that case, we shall rely on the enormous resilience of every economy to take on this fractional additional burden.

### What Would Happen in the Case of War?

There is nothing in the TMCL concept which excludes or reduces the capability of any government for borrowing from the money market. Counter loans will generate loans for fighting a war just as they do so for productive purposes.

If it has to fight a war, it will raise finances in the same way as is conventionally done at present, except borrowing on interest. It will postpone or curtail consumption, raise taxes and borrow money on counter-loan basis.

If inflation emerges during war, as is likely, it will be because of the war, and not because of the TMCL concept.

### Can the Model Achieve Fiscal Balance?

The eighth hurdle which the model must show itself capable of crossing is to indicate the mechanism, and an in-built mechanism at that, by which it can confer capability of achieving balanced budgets on the fiscal authorities. This mechanism is doubly decisive because the model crossed over the seventh hurdle, the one relating to inflation, in the face of expansionary credit, by introducing selective credit control and declining to advance credit for any non-productive purpose including loans to cover fiscal deficit of governments.

Since this is the single largest chunk of credit which all banking systems in the so-called free world are obliged to advance, the self-confessed incapability of the model to

advance this credit can render the entire model unworkable, unless it can fulfil its promise to impart redundancy to budgetary imbalance.

The model appears capable of accepting this responsibility on account of the fact that interest-free banking has the potential of making such extraordinary impact on both sides of the budgetary balance sheet and, to such an extent, that budgetary balance becomes an in-built consequence of the introduction of this mode. To achieve this result, interest free banking relies almost exclusively on the elimination of unemployment which among its numerous consequences dramatically raises budgetary receipts on the one side and significantly reduces government expenditure on the other, excluding the necessity of budgetary deficit. It is conceded that even under interest-free regime frictional unemployment will survive but its magnitude is unlikely to exceed 0.5 percent. This proved by the World War experience of countries like England and U.S.A. where unemployment fell to this level. Switzerland, by consistently following a low interest rate policy (average bank rate during 35 years period from 1949 to 1983 has been 2.63 percent), had an average unemployment of 0.4 percent during the decade of the seventies. Frictional unemployment under interest-free regime therefore is unlikely to exceed 0.5 percent.

To work out the budgetary impact of elimination of unemployment, we need take up a specific country and its budget in a specific country and its budget in a specific year with as high a budgetary deficit as we can find, and calculate what impact a zero interest regime would have made to balance it in that year. Pakistan is as good a country as any other in the matter of intractability of budgetary deficit, and the year 1986-87, the latest for which necessary figures are available, and also the one which had the highest deficit till that time, provides a fair enough basis for testing the impact of interest-free banking on erasing fiscal deficit.

According to the Annual Report of State Bank of Pakistan for the year 1986-87 (P. 154), the consolidated budgetary receipts of the Federal and Provincial Governments for the year 1986-87 were Rs. 99.55 billion, the total expenditure was Rs. 155.98 billion and the total deficit was Rs. 53.64 billion, after excluding Rs. 2.78 billion available as surplus of autonomous bodies. The revenue receipts formed 16.5 percent of gross Domestic Product [GDP], and the deficit formed 8.8 percent of G.D.P. If we neither increase taxes nor reduce expenditure the only method left to erase this deficit is to increase the G.D.P. The measure of necessary increase is reached through dividing the deficit percentage by the revenue percentage and multiplying it by 100. The result we reach is  $(8.87 \div 16.5 \times 100) 53.33$  percent. The critical test for the workability of TMCL model is whether or not it can erase fiscal deficit of this magnitude by increasing G.D.P. by something like 53.33 percent, so that no reason is left for the government to make a demand on bank resources for covering its fiscal

shortfall. It is a tall order and yet the model exhibits complete competence to meet it.

This competence emerges from the incapability of either unemployment or under-employment to survive under a credit structure willing and capable of advancing credit to all productive ventures, without making demand of interest. We now need to know two things, viz., the measure of unemployment and under-employment that existed in Pakistan during the financial year 1986-87, and the difference that fall of each percentage point in unemployment makes towards increase in national income.

The figures for unemployment for Pakistan and other Third World countries are often undependable and imprecise. I.L.O. Yearbook provides no help as figures given in it relate to those who register their names in employment exchanges, which is not often done in Pakistan. Pakistan Economic Survey, dated by about two years, gives the figure of 4 percent for unemployment but adds that "under-employment accounts for one-fourth of the employed persons." This means that besides 4 percent who are unemployed, 24 percent are under-employed. The measure of their under-employment is not given. In such a case we can only apply rule of the thumb, and assume that the under-employed remain unemployed for an average of half of their working days. We get support for this assumption by the consideration that the bulk of 70.03 million of the population which lives in rural areas, out of the total population of 97.67 million (both estimates for 1985-86) depends on agriculture and is generally idle for five months in the year. From this point of view, under-employment of 24 percent appears an under-estimate. It would therefore be fairly safe to regard 24 percent under-employment to be equal to 12 percent under-employment to be equal to 12 percent unemployment. Adding this 12 percent to 4 percent of conceded unemployment, we get a total unemployment figure of 16 percent for Pakistan for the year 1984-85.

However, interest (alias mark-up) has tended to creep up from 17 percent in 1984-85 to 18 percent in 1986-87. If at 17 percent interest unemployment was 16 percent, at 18 percent, it should be nearer 17 percent. This is empirically supported by the deteriorating law and order situation in the country. This is further supported by particular intensification of this situation in Sindh where the average of unemployment appears higher compared to other provinces because of the more stay-at-home temperament of our Sindhi brothers.

Whatever the reasons, the fact remains that in the year of reference, unemployment was fairly close to 17 percent, but to take a conservative line, we shall treat it as 16 percent, the one that obtained two years before i.e. in 1984-85.

Let us therefore say that in 1986-87, unemployment in Pakistan was of the level of 16 percent, and since frictional unemployment of 0.5 percent is not curable,

therefore induction of interest-free banking could only cure 15.5 percent of the unemployment that existed in that year. It is now left for us to measure the magnitude of the result of G.N.P. [gross national product], as a consequence of elimination of unemployment.

Fortunately, we do not have to undertake any theoretical exercise in the matter. Professor Arthur M. Okun has already done it for us. He has worked out the measure of creativity injected into the economy by any move resulting in reduced unemployment. According to his calculation which has come to be called "Okun's Law", each percentage point reduction in unemployment lifts G.N.P. by 3.2 percent.

This means that if 15.5 percent out of 16 percent unemployment existing in Pakistan in the relevant year was eliminated by the introduction of interest-free banking, the rise in national income would have been of the order of (15.5 times 3.2) 49.60 percent. We needed a rise of 53.33 percent in national income, and the introduction of interest-free banking falls short of the target by 3.73 percent. In quantitative terms, it means that the deficit of Rs. 53.64 billion is contracted to (53.64 divided by 53.33 times 3.73) Rs. 3.75 billion.

Since the model does not countenance any shortfall in the budgetary balance, it becomes the duty of the model to show how this balance of shortfall can be made up.

We have hitherto considered the impact of interest-free banking on the revenue side of the budget only. It has fairly significant implications on the expenditure side as well. These related to areas of interest payments on domestic debt, to savings in subsidies, and to denationalisation of public sector ventures which perpetually run at a loss. We have to see whether these implications are capable of covering the balance of the deficit of Rs. 3.75 billion.

Taking the first item on expenditure side which is directly relevant to the introduction of interest-free banking, we find that the government of Pakistan paid as interest on domestic debt a sum of Rs. 15.32 billion in the year 1986-87. This expenditure by definition ceases to exist in an interest-free credit arrangement, as with the maturing of existing securities, all government loans will be shifted over to counter-loan basis. This single item not only washes out the balance of Rs. 3.75 billion of deficit, but converts the budget to a surplus one of the order of (15.32-3.75) Rs. 11.57 billion.

The second item of expenditure on which interest-free banking has an impact, though not an equally direct one, is that of subsidies. In the year under discussion an amount of Rs. 4.84 billion was spent under this head. By and large, this expenditure can be dispensed with, after gainful employment is assured to the lowest strata of the community by interest-free banking. A saving of about Rs. 3 billion appears possible under this head, raising the surplus, after erasing the entire deficit, to Rs. 14.57 billion.

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[Text] It is difficult to quantify the savings that will occur if all public sector ventures which are running at a loss are turned over to private hands. Budget documents, instead of divulging relevant figures, strive hard, and with substantial success, to conceal them. As an approximation, it would not be an over-estimate that this single step has a potential for saving and generating new income exceeding Rs. 10 billion. Let us have a glimpse of the situation.

We can shift over every losing venture to private enterprise, and instead of suffering significant losses every year, we can start generating equally significant revenues from these enterprises. In theory, except for doctrinaire socialists, every one agrees. In practice, it cannot be done, notwithstanding repeated government policy announcements in this regard, including the one by the Railways Minister on the floor of the National Assembly on March 14, 1988; that government is willing to hand over even railways to any suitable private party which may be willing to run these. The obstacle is the issue of retrenchment of surplus staff foisted on all public ventures by successive governments for political considerations. No private party will take over any public sector enterprise unless it can fire or retire superfluous staff and functionless employees, and that is what neither the labour unions nor the government, for understandable reasons, can possibly concede.

We know that more than half of the installed productive capacity in the country is in public hands, and except for PIA [Pakistan International Airlines] the banking sector and some relatively minor areas, every public sector venture runs at a loss. Railways, the largest enterprise in the country, runs at a massive loss, although in any private hands the railways would yield almost this much revenue in lease-money and income tax. Identical situation prevails in the matter of Pakistan Steel, the most capital intensive productive enterprise. Karachi Shipyard, ever since its functioning, has always run at a loss, Pakistan Shipping Corporation which, before its nationalisation, paid income tax running into tens of millions of rupees, has now to be subsidised by a few hundreds of millions every year. All private oil companies functioning in the country pay tens of millions in taxes and royalties to the government, the only one that has to be subsidised is the one that the government runs itself.

It is here that interest-free banking comes to have a direct bearing on solving this riddle. As soon as unemployment is eradicated in the country, the political compulsions of both the labour unions and the government cease to exist. Labourers will know that they can get jobs in alternative enterprises, and their reason for hostility against their transfer to private hands will cease to exist. If conditions emerged in which all public enterprises running at a loss could be handed over to private entrepreneurs, who not only earn profit, but also

pay income-tax to the government, the total positive impact on the budget of the year under examination may exceed Rs. 10 billion.

The cumulative consequence of induction of interest-free banking on the budgetary deficit of the nature and dimensions of the one that relates to the year 1986-87 would be not only to erase the entire deficit of Rs. 53.64 billion, but to convert it to a surplus one of approximately Rs. 24.57 billion. This incidentally provides opportunity to grasp the meaning of verse 2:268 of the Quran which in part says, "The Evil one threatens you with poverty and...God promiseth you His...bounties..."

We can therefore conclude that the pre-condition of successful implementation of interest-free banking, in so far as fiscal responsibility and balanced budget are concerned, is endogenously within its competence. This competence ensures that the new system, far from generating any inflationary pressure by its productive expansionism, will be able to call a halt to inflationary pressures that already exist on account of consumptive expansionism, which has blighted almost every economy in the free world for the last several decades.

#### Monetary Management Mechanism

We can now proceed to the ninth obstacle in path of interest-free banking and decide for ourselves whether the model has any in-built capability of traversing it. Under point (4) relating to producing equilibrium between demand and supply of loans at zero rate of interest, we overthrew statutory reserve of banks and created the required equilibrium. This means that with the adoption of this model, two significant monetary management instruments viz., interest and banks reserve cease to exist. Unless some alternative mechanism is devised, the monetary authority will have, except for open market operations, no instrument left to control the magnitude of credit.

As Keynes puts it "with the disappearance of... rentier aspect much else... besides will suffer a sea-change."

Let us first take the bank rate. It is supposed to be a major instrument in the hands of the monetary authorities, whose lowering and raising can be used as effective weapons to expand and contract economy, to fight against unemployment and inflation respectively. But when we are confronted with both unemployment and inflation, as the entire free world has been since 1965, the bank rate policy ceases to remain meaningful. True, main industrial countries still continue to use the bank rate when either of the two maladies appears more threatening but the act simultaneously aggravates the situation in the opposite direction. This means that bank rate as an instrument of monetary policy has already lost the potency that books on economic continue to assign to it.

In contrast to this situation the model under examination has a built-in arrangement to help any economy to outgrow both unemployment and inflation. Elimination

of interest assures employment to all. Elimination of consumptive expansionism, concepts, of counter-loan, 110 percent collateral, and above all rigorous selective credit control including fiscal balance exclude all chances of inflation. In the absence of both unemployment and inflation the very need to artificially expand or contract the economy ceases to exist.

Let us look at the role of statutory reserve as an instrument of monetary management. In early nineteen-twenties of this century, proposals appear to have been first made to utilise reserve ratio in order to control the credit base of commercial banks. It was in 1933 that official recognition was first given to this aspect of bank reserve. "In the United States in the Thomas Amendment to the Agricultural Adjustment Act." Since then, it has not often been used as an instrument of monetary management. So far as the developing countries are concerned, some central banks do not have the authority to vary reserve requirement, e.g., India, and there are others who in spite of the possession of this authority have not used it, e.g., Pakistan.

Yet the elimination of interest and statutory reserve in the TMCL banking model, does not make it incapable of devising new instruments of credit control. In the main it is the counter-loan ratio which emerges as the alternative to bank-rate policy. Just as monetary authority changes bank rate in order either to stimulate or restrain an economy, in the new model it can achieve identical results by lowering or raising the counter-loan ratio respectively. Productive expansionism is so deeply ingrained in the model that lowering counter-loan may perhaps never be needed. Raising the ratio can conceivably be needed in period of particular stress like those of war or during some period after the war.

Similar is the position of the collateral whose measure can be raised from 110 percent suggested in the model to 120 or 130 percent or even higher, but cannot be lowered to less than 100 percent. This is because the model itself is unlikely to need any further injection of expansionism, though restraining could conceivably become necessary under extraordinary circumstances for which a large elbow room exists in the model.

#### Profitability of TMCL Banks

We now reach the tenth and last obstacle in the path of interest-free banking. If these banks will neither pay any interest on deposits nor receive any interest these will presumably have no income. *Pima facie*, these will not be able to pay their way, much less make a worthwhile profit which limits the workability of the model to nationalised banks, whose expenses can be met by an annual subsidy from the government. As these banks will not be motivated by profit, their efficiency and competence in management will fall even lower than what obtains in nationalised banks of Pakistan. Fortunately, we are not forced to make that unhappy choice as the model, contrary to what appears on the surface, is pregnant with possibilities of profit exceeding even those

that present pattern of banking can yield. The secret of this enhanced level of profitability lies primarily in the extinction of bank reserve, and secondarily in the vast enhancement in the quantum of loans, and as a necessary consequence the vast inflow of counter-loans which, even after providing for liquidity, leaves such massive amounts with the banking system that its direct productive investment, even at such a low rate of profits as 10 percent, enables the counter loan model to earn profit far exceeding the one available to conventional banks.

We have already seen that every advance will be matched by 12 and one half percent of counter-loan for 8 multiples of time of loan availability. We have already drawn four and one half percentage points of these counter-loans by keeping 2 percentage points in the till, and advancing 2 and one half percentage points to the central bank to generate a total liquidity of 22 percent of all deposits.

What is the bank to do with the balance of 8 percentage points of counter-loans? For this part of its resources, the bank will assume the role of an investment bank in the most direct sense. The obvious openings are the stock exchange, real estate, and Participation term Certificates in existing industries. These however, are likely to prove inadequate openings for the vast amounts of constantly increasing funds which this basis of lending is likely to cast in the coffers of these banks. They will, therefore, have to institute holding companies which will invest directly, consistent with national priorities and objectives, in such industrial and commercial ventures which are likely to give the highest return. Capital intensive ventures are likely to prove more in consonance with the resources available to these banks.

(Total deposits of each banking system Rs. 1000)

| Year of Working | Income of Traditional | Income of TMCL Banks | Income of TMCL Banks as Percentage of Income of Traditional Banks |
|-----------------|-----------------------|----------------------|---|
| 1st Year        | Rs. 64.48             | Rs. 39.96            | 61.97 percent   |
| 2nd Year        | Rs. 172.43            | Rs. 242.36           | 140.55 percent  |
| 3rd Year        | Rs. 484.06            | Rs. 1317.86          | 272.25 percent  |

A stimulated exercise was undertaken to compare the income likely to be available under TMCL banking with the one available to traditional banks in Pakistan. The parameters determining the income of traditional banks were the ones existing in the country at the time of calculation (1985). These were turn-over period of bank advances as forty days, statutory reserve 35 percent, inclusive of 25 percent invested in treasury bills and earning 6 percent interest; weighted average of interest paid on deposits 5.95 percent and the one received on advances 11.20 percent. Under both varieties of banking, the total deposits were assumed to be, for the

sake of simplicity, Rs. 1,000, rising at the rate of 39.53 percent per year which was the average for the last ten years.

The turn-over period in the case of TMCL banking was assumed to stay at 40 days, neglecting the likely increase in velocity to facilitate comparison of income. Of course, in the case of this banking there is neither any traditional reserve nor any interest is paid on deposits or claimed on advances. Eight percentage points of counter-loan are directly invested, and are assumed to earn an average return of 10 percent per year on the investment.

The result of this simulated exercise spread over six extensive tables each needing to be folded twice or thrice, to conform to the format of this book, cannot be included here. However, these have been checked and rechecked by several competent and responsible banking and audit authorities at the highest available level in the country. The end result of

these six tables in a tabloid form is presented below, on the assumptions already spelled out.

This table indicates that while TMCL banks earn less than two-third of the income of traditional banks in the first year, the income of the former is slightly short of three multiples of the income of the latter in the third year. It appears from examination of detailed tables, and is even reflected in the tabloid table given above that while income of traditional banks rises in some kind of arithmetical progression, the rise in income of TMCL banks is fairly close to geometrical progression.

#### First Tentative World Though Not the Last

Having successfully met all the ten pre-conditions for the evolution of an interest-free banking model, the TMCL concept can be regarded the only viable, workable and feasible substitute for interest.

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